

Court File No.: CV-15-11192-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT  
ACT*,  
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF SECTION 101 OF THE *COURTS OF JUSTICE  
ACT*, R.S.O. 1990, c. C-43, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
OF VICTORIAN ORDER OF NURSES FOR CANADA,  
VICTORIAN ORDER OF NURSES FOR CANADA – EASTERN REGION, AND  
VICTORIAN ORDER OF NURSES FOR CANADA – WESTERN REGION**

**Applicants**

**REPORT OF THE MONITOR TO THE CREDITORS  
ON THE PLAN OF COMPROMISE OR ARRANGEMENT OF  
VICTORIAN ORDER OF NURSES FOR CANADA**

**October 18, 2016**

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## I. PURPOSE OF THIS REPORT

1. This report (the “**Report**”) has been prepared by Collins Barrow Toronto Limited (“**CBTL**”) in its capacity as monitor (the “**Monitor**”) of Victorian Order Of Nurses For Canada (“**VON Canada**”), Victorian Order Of Nurses For Canada – Eastern Region (“**VON East**”) and Victorian Order Of Nurses For Canada – Western Region (“**VON West**” and, together with VON Canada and VON East, collectively, the “**Applicants**”), appointed pursuant to section 11.7 of the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”). This Report has been prepared pursuant to the Order of the Court dated October 5, 2016 (the “**Meeting Order**”), a copy of which is attached hereto as Appendix “**A**”.
2. As part of its Motion Record dated August 29, 2016 to seek the Meeting Order, VON Canada filed a plan of compromise or arrangement (the “**Original Plan**”) with the Court. VON Canada has made certain amendments to the Original Plan, and has advised the Monitor that these amendments do not materially affect recoveries and are intended to provide clarifications and corrections. The Monitor’s comments provided in this Report are in respect of the Original Plan, as amended (the “**Amended Plan**”). The purpose of VON Canada’s meeting of creditors currently scheduled for November 3, 2016 (the “**Meeting**”) will be to consider and vote on the Amended Plan. A copy of the Amended Plan is attached hereto as Appendix “**B**”.
3. The purpose of this Report is to provide to Creditors of VON Canada:
  - a) a summary description of the Amended Plan;

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- b) information to assist them in making their decision of whether to vote, in person or by proxy, in favour or against the resolution to approve the Amended Plan, which resolution will be tabled at the Meeting called to consider and vote on the Amended Plan; and
  - c) the Monitor's comments and recommendations with respect to the Amended Plan.

## II. EXECUTIVE SUMMARY

- 4. The purpose of this Report is to provide Creditors with information on the Amended Plan to assist them in their consideration as to whether to vote for, or against, the approval of the Amended Plan.
- 5. Creditors are advised to read this Report and the Amended Plan in their entirety.
- 6. If the Amended Plan is agreed to by the Creditors eligible to vote on the Amended Plan, and if the Amended Plan is also approved by the Court, the estimated distribution to Unsecured Creditors would be:
  - a) to creditors with an Unsecured Proven Claim that totals less than \$5,000, 100% of the amount of their Claim (including to former employees to the extent not previously paid to the former employees (i) by VON Canada or (ii) pursuant to the Wage Earner Protection Program (“WEPP”) and which are repayable to the Government of Canada);
  - b) to creditors with an Unsecured Proven Claim greater than \$5,000 who elect to reduce their Unsecured Proven Claim to \$5,000 for distribution purposes, \$5,000. In respect of Claims of former employees of VON Canada who elect to reduce their Claims to \$5,000, the Monitor estimates

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that a portion of the \$5,000 payable would be paid to the Government of Canada on account of amounts previously paid to the former employee pursuant to the WEPP (to a maximum of approximately \$3,900), with the remainder being paid to the former employee; and

c) to Affected Creditors who are not included in the categories described in (a) and (b) above, between approximately 8.08 cents to 9.1 cents per dollar of Unsecured Proven Claim, assuming no Creditors choose to file the election described in (b) above (the “**Convenience Class Claim Election**”), or between approximately 7.45 cents to 8.52 cents per dollar of Unsecured Proven Claim, if all Creditors having Claims between \$5,000 and \$58,000 complete the Convenience Class Claim Election form. These estimates are subject to change depending, among other things, on the number of Creditors which choose to file the Convenience Class Claim Election.

7. Details on how a Creditor can make the Convenience Class Claim Election are set out in Paragraph 36 of this Report.

8. In the event the Plan is not approved by the Eligible Voting Creditors or approved by the Court, and if VON Canada then becomes bankrupt shortly thereafter, the Monitor estimates that the distribution to VON Canada’s Unsecured Creditors would be:

a) to former and current employees, 100% of their Employee Priority Claim up to a maximum of \$2,000 (unless such amount or a portion thereof was

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previously paid to the former employees by VON Canada or pursuant to the WEPP); and

- b) to all other general creditors and employees in respect of proven claims not eligible as Employee Priority Claims (subject to the matters described in Paragraph 68 of this Report), between approximately 3.49 cents to 5.25 cents per dollar of Unsecured Proven Claim.

### III. INTRODUCTION

9. By Order of Mr. Justice Penny dated November 25, 2015 (the “**Initial Order**”), CBTL was appointed Monitor of the Applicants pursuant to the provisions of the CCAA.
10. Background information on VON Canada, including VON Canada’s financial difficulties, are set out in the Application Record dated November 24, 2015, filed by the Applicants in support of their application for the Initial Order under the CCAA. The Application Record, as well as all of the Monitor’s reports filed with the Court to date (which provide details of the CCAA proceeding), are posted on the Monitor’s website at [www.collinsbarrow.com/en/cbn/current-engagements-toronto /v-o-n](http://www.collinsbarrow.com/en/cbn/current-engagements-toronto/v-o-n).
11. This Report is being provided to all holders of Claims and Disputed Claims determined in accordance with the Order of the Court dated February 24, 2016 (the “**Claims Procedure Order**”) in connection with the Meeting, the purpose of which is to consider and vote on the Amended Plan.
12. In preparing this Report and making the comments herein, the Monitor has relied upon unaudited and other financial information prepared or provided by the

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Applicants, discussions with management of the Applicants, the Chief Restructuring Officer of VON Canada (the “**Chief Restructuring Officer**”), VON Canada’s counsel and information from other third-party sources (collectively, the “**Information**”). As the Information included in this Report has been provided by VON Canada or other parties, the Monitor has relied on the Information and, to the extent possible, reviewed the Information for reasonableness. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards pursuant to the *Chartered Professional Accountants Canada Handbook* (the “**CPA Handbook**”) and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of the Information.

13. Some of the information referred to in this Report consists of forecasts and projections. Such forecasts and projections are based on estimates and assumptions regarding future events. Accordingly, actual results achieved will or may vary from the projections and the variations may be significant. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed. Accordingly, the Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial projections referred to in this Report, or relied upon by the Monitor in preparing this Report.
14. All dollar amounts identified in this Report are expressed in Canadian dollars, unless otherwise specified.

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15. Capitalized terms used in this Report and not otherwise defined herein have the meanings given to them in the Initial Order, the Claims Procedure Order, the Meeting Order or the Amended Plan. Creditors can access these documents, and other publicly available information, at the Monitor's website at [www.collinsbarrow.com/en/cbn/current-engagements-toronto /v-o-n](http://www.collinsbarrow.com/en/cbn/current-engagements-toronto/v-o-n).

#### IV. SUMMARY OF THE AMENDED PLAN

16. The following is intended to provide Creditors with a summary of the Amended Plan. **In the event of any inconsistency between this summary and the Amended Plan, the terms of the Amended Plan shall govern.** Creditors are encouraged to read the Amended Plan in its entirety.
17. The purpose of the Amended Plan is to distribute the Distribution Pool to VON Canada's Creditors with Unsecured Proven Claims and provide for the compromise and settlement of all Claims against VON Canada and its Directors and Officers.
18. On the Implementation Date of the Amended Plan, all Claims against VON Canada and its Directors and Officers will be deemed to be compromised and settled and will be fully released and discharged, except only the obligations to make distributions under the Amended Plan and certain Excluded Claims.
19. For the purposes of voting, the Amended Plan is presented to one class of Creditors ("**Affected Creditors Class**") which includes Creditors with Unsecured Proven Claims and Disputed Claims that have been accepted by the Monitor for the purposes of voting ("**Voting Claim**") at the Meeting. A Creditor who is part of



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- the Affected Creditors Class (an “**Affected Creditor**”) will be permitted to vote on the Amended Plan and is entitled to one vote per dollar value of its Voting Claim.
20. The Amended Plan also provides for one sub-class of the Affected Creditors Class, being either (i) Creditors with Unsecured Proven Claims not exceeding \$5,000 or (ii) Creditors with Unsecured Proven Claims exceeding \$5,000 who, by filing with the Monitor a Convenience Class Claim Election, elect to value their Claims at \$5,000 for purposes of the Amended Plan (collectively, the “**Convenience Class Creditors**”). Convenience Class Creditors will be deemed to vote in favour of the Amended Plan, and those Convenience Class Creditors who elect to value their Claims at \$5,000: (i) are deemed to vote in favour of the Amended Plan in the amount of their Unsecured Proven Claim as accepted in accordance with the Claims Procedure Order and (ii) will receive no other entitlements under the Amended Plan.
21. For the Amended Plan to be agreed to by the Affected Creditors Class, a majority in number of the Creditors having Voting Claims and voting in person or by proxy at the Meeting representing not less than 66 2/3% in value of the Voting Claims of the Creditors voting in person or by proxy at the Meeting, or who were deemed to vote on the Amended Plan, must vote in favour of the Amended Plan (the “**Required Majority**”).
22. Payment from the Distribution Pool is to be made to Creditors having Unsecured Proven Claims greater than \$5,000 (excluding Creditors who have made an election to be treated as a Convenience Class Creditor) based on a pro rata

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share of their Unsecured Proven Claim as a percentage of all Unsecured Proven Claims.

23. Secured creditors of VON Canada are not affected by or entitled to vote on the Amended Plan.
24. Claims of Affected Creditors may include a Claim for wages, salaries, compensation (including vacation pay), commissions or disbursements earned in the six month period preceding the Filing Date (November 25, 2015). Such Claims (but not Claims for termination pay and severance) are categorized as Employee Priority Claims up to a maximum of \$2,000 per employee.
25. At or prior to implementation of the Amended Plan, which is scheduled to occur by no later than January 13, 2017 (the "**Implementation Date**"), VON Canada will pay in full all Employee Priority Claims owed by VON Canada, if any. The Monitor points out, however, that any Employee Priority Claims payable to former employees of VON Canada in respect of amounts they have already received pursuant to the WEPP would be paid to the Government of Canada.
26. Within six (6) months after the date of the Sanction Order, VON Canada will pay in full all Crown Claims owed by VON Canada, if any.
27. Certain Creditors of VON Canada will not be affected by the Amended Plan and will not be permitted to vote on or obtain distributions pursuant to the Amended Plan. Those creditors are creditors with claims that arose after November 25, 2015 (excluding creditors with Restructuring Claims) or creditors with Excluded Claims, which are defined as:

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- (i) claims secured by any of the Charges (as defined in the Initial Order);
  - (ii) any claim enumerated in CCAA subsections 5.1(2) (being certain claims against directors) and 19(2) (certain types of liabilities excluded pursuant to the CCAA);
  - (iii) any claim of the Bank of Nova Scotia (“**BNS**”);
  - (iv) any claim by a Director or Officer for indemnification related to a Director and Officer Claim;
  - (v) any claims for ordinary course normal contributions due from VON Canada to match the contributions of members that are made under clause 5.2.1(a), (b), (c) and (d) of the VON Canada Pension Plan; and
  - (vi) any Employee Priority Claims or Crown Claims.
28. Implementation of the Amended Plan is subject to (i) the Plan being approved by the Required Majority; (ii) the Sanction Order being issued and entered by the Court; and (iii) unless waived, all applicable appeal periods having expired.
29. On the Implementation Date, the following claims will be forever released:
- all Claims whether or not filed in accordance with the Claims Procedure Order;
  - all Director and Officer Claims whether or not filed in accordance with the Claims Procedure Order; and
  - all Claims against VON Canada, the Monitor or the Chief Restructuring Officer arising on or prior to the Implementation Date relating to (i) the disclaimer, resiliation, etc. of any contract, lease, agreement or other arrangement, (ii) the Amended Plan and (iii) the CCAA Proceedings,

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excluding any claim that is not permitted to be released pursuant to Section 19(2) or 5.1(2) of the CCAA and excluding (in the case of VON Canada) any Excluded Claims.

30. The Implementation Date is December 30, 2016 or such other date as VON Canada may determine in consultation with the Monitor, but will in no event be later than January 13, 2017.
31. The Distribution Pool will be comprised of all cash and cash equivalents legally and beneficially owned by VON Canada as of the Implementation Date after:
  - a. payment in full of:
    - all Secured Proven Claims, Crown Claims and Employee Priority Claims;
    - claims secured by the Charges (as defined in the Initial Order) as well as a cash reserve of \$50,000 to be held by the Monitor in respect of such claims);
  - b. deduction of a Working Capital Reserve of \$250,000; and
  - c. deduction of the amounts payable on account of Convenience Class Claims.
32. Payment of the Distribution Pool to Affected Creditors is to occur not more than 45 days after the Implementation Date or such other date specified in the Sanction Order. Amounts paid to Creditors will be net of any (i) required Withholding Obligations and (ii) amounts repayable to the Government of Canada in respect of payments previously made to those Creditors under the WEPP.

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33. The Meeting to consider and vote on the Amended Plan is scheduled to take place at 10:00 a.m. on November 3, 2016 at the offices of Norton Rose Fulbright Canada LLP, located at Royal Bank Plaza, South Tower, 200 Bay Street, Suite 3800, Toronto, Ontario, M5J 2Z4 with the Monitor acting as Chair of the Meeting.
  34. If the Amended Plan is approved by the Required Majority, VON Canada proposes to bring a motion to the Court for an order sanctioning the Amended Plan on November 23, 2016 or as soon thereafter as the matter can be heard.
  35. In accordance with the Meeting Order, notice of the Meeting and the posting of the Meeting Order to the Monitor's website constitute good and sufficient service of notice of the Sanction Hearing upon all Persons who may be entitled to receive such service, and no other form of service or notice need be made on such Persons and no other materials need be served on such persons in respect of the Sanction Hearing unless they have served and filed a Notice of Appearance in the VON Canada CCAA proceedings.

**V. ELECTION TO BECOME A CONVENIENCE CLASS CREDITOR**

36. The Amended Plan provides for Creditors with Unsecured Proven Claims greater than \$5,000 to be entitled to elect, through the completion of the Convenience Class Claim Election form, to receive \$5,000 in full satisfaction of their Unsecured Proven Claim if the Amended Plan is implemented.
37. The effect of such election would result in the electing Creditor receiving a distribution of \$5,000 on account of its claim, rather than a distribution based on the pro rata share of the Distribution Pool calculated based on the pro rata share

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of the Creditor's Unsecured Proven Claim as a percentage of all Unsecured Proven Claims.

38. For former employees of VON Canada whose Claims against VON Canada exceed \$5,000 and who elect to reduce their Claims to \$5,000, the Monitor estimates that a portion of the \$5,000 would be payable to the Government of Canada as a reimbursement of amounts previously paid to the former employee pursuant to the WEPP (to a maximum of approximately \$3,900), with the remainder being paid to the former employee.

## **VI. VOTING ON THE AMENDED PLAN**

39. Affected Creditors may vote for or against approval of the Amended Plan by (i) attending the Meeting (see **Paragraphs 54-59**), in person or (ii) by proxy.
40. Enclosed with the mailing sent to Creditors is a Creditor Proxy form which must be completed by any Affected Creditors that wish to have someone else attend in person at the Meeting in their place and vote on their behalf.
41. Affected Creditors that are corporations that wish to have an employee or other representative of the corporation attend and vote at the Meeting must also complete the Creditor Proxy form to designate an individual as its proxy holder.
42. Affected Creditors who are individuals who will be attending the Meeting are not required to complete the Creditor Proxy form.
43. Creditors who do not wish to, or are unable to, attend the Meeting in person can register their vote for or against approval of the Amended Plan by filing a completed proxy with the Monitor.

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44. Completed Creditor Proxy forms must be provided to the Monitor on or before 10:00 a.m. (Toronto time) on November 2, 2016.

## **VII. CLAIMS AND THE CLAIMS PROCEDURE**

45. Pursuant to the Stay Extension and Claims Procedure Order, the Monitor conducted a claims process to identify and determine the validity and quantum of claims against VON Canada and its present and former directors and officers.
46. The Monitor, in consultation with VON Canada, completed its review of claims filed and issued Notices of Acceptance or Notices of Revision or Disallowance as appropriate. No Notices of Dispute were received by the Monitor in response to the Notices of Revision or Disallowance that the Monitor issued, and all deadlines for disputing Notices of Revision or Disallowance have expired.
47. The total amount of Unsecured Proven Claims accepted by the Monitor is \$23,012,783.96.

## **VIII. WEPPA SUBROGATED CLAIMS ORDER AND CLAIMS OF FORMER EMPLOYEES**

48. Affected Creditors who were former employees of VON Canada may have applied for and received a payment under the WEPP in respect of outstanding wages, vacation pay, termination pay and severance owed to them by VON Canada (the "**WEPPA Subrogated Claims**"). The Government of Canada, to the full extent of the amount actually paid to former employees of VON Canada under the WEPPA Subrogated Claims, are subrogated to any rights that such former employees may have in respect of their Claims against VON Canada. In

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addition, any amounts payable to former employees of VON Canada in respect of amounts they have already received pursuant to the WEPP, would be paid to the Government of Canada to the extent that (i) the Government of Canada has a valid subrogation claim and files such claim in accordance with the WEPPA Claims Procedure Order, as described below, or (ii) the former employee has agreed to remit to the Government of Canada an amount to the extent of the amount that the former employee would have received pursuant to the WEPP.

49. On October 5, 2016, the Court granted an order (the “**WEPPA Claims Procedure Order**”) to approve a claims procedure (the “**WEPPA Claims Procedure**”) to identify and determine the validity and quantum of WEPPA Subrogated Claims of the Government of Canada against VON Canada and its present and former directors and officers.
50. If the Government of Canada wishes to assert a Claim in respect of any and all WEPPA Subrogated Claims, it must deliver its Proof of Claim to the Monitor on or before 10:00 a.m. (Toronto time) on October 26, 2016.
51. Section 19 of the WEPPA Claims Procedure Order provides that, to the extent a former employee has received any amounts pursuant to the WEPP, that employee’s Voting Claim and entitlement to any distribution pursuant to the Amended Plan, will be limited to that portion of its Claim that has not been paid pursuant to the WEPP and does not represent an Employee Priority Claim. In effect, this means that:
  - (i) former employees are entitled to vote and obtain distributions pursuant to the Amended Plan only in respect of the amount of their Claim that is in



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excess of the WEPPA Subrogated Claim (that is, the amount of the former employee's Claim that exceeds the amount the former employee has to date received under the WEPP); and

(ii) the Government of Canada is entitled to vote on and obtain distributions under the Amended Plan to the extent of the entitlement of former employees, up to the maximum amount of the WEPPA Subrogated Claim.

52. With respect to the Government of Canada's WEPPA Subrogated Claim, only the portion of the Government of Canada's WEPPA Subrogated Claim that exceeds the Employee Priority Claim amount will represent a Voting Claim.

53. Based on the WEPP, the Application For The Wage Earner Protection Program that the Monitor believes would have been signed by former employees, and correspondence that the Monitor has received from Service Canada, any amounts payable to the former employees under the Amended Plan will likely (i) first be repaid to the Government of Canada to the extent of amounts paid to that employee under the WEPP; and (ii) the remainder would be paid to the employee.

## **IX. MEETING OF CREDITORS AND OUTCOME OF AMENDED PLAN**

### **Meeting of Creditors and Proxy**

54. The Meeting will take place on November 3, 2016 at 10:00 a.m. (Toronto time) at the offices of:

Norton Rose Fulbright Canada LLP  
Royal Bank Plaza, South Tower,  
200 Bay Street, Suite 3800,  
Toronto, ON M5J 2Z4

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55. An officer of the Monitor, or a person designated by the Monitor, will act as chairperson at the Meeting and is authorized by the Court to decide all matters relating to the procedures at, and the conduct of, the Meeting.
  56. Affected Creditors are entitled to vote in respect of the Amended Plan. All Convenience Class Creditors will be deemed to have voted in favour of the Amended Plan.
  57. Only Affected Creditors or their respective duly appointed proxyholders are entitled to attend the Meeting and vote on the Amended Plan. VON Canada and its officers, directors, and legal counsel, the Chief Restructuring Officer and the representatives of the Monitor and its legal counsel, are also entitled to attend the Meeting.
  58. Alternatively, and as noted above, those Affected Creditors with Unsecured Proven Claims that are unable to, or do not wish to, attend the Meeting in person can complete and provide the Creditor Proxy to the Monitor, in advance of the Meeting.
  59. Creditor Proxy forms are attached to the information provided to Affected Creditors together with this Report.

**Likely Outcome if Creditors Vote In Favour of the Amended Plan**

60. Based on the Information, including the cash flow forecasts prepared by VON Canada, the Monitor estimates that the Distribution Pool will be between approximately \$1.848 million and \$2.081 million.
61. Assuming a Distribution Pool of between \$1.848 million and \$2.081 million, the Monitor estimates that the distribution to Affected Creditors will be:

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- a) to creditors with an Unsecured Proven Claim that totals less than \$5,000, 100% of the amount of their Claim. In respect of Claims of former employees of VON Canada, the Monitor estimates that a portion of the amount payable would be paid to the Government of Canada on account of amounts previously paid to the former employee pursuant to the WEPP (to a maximum of approximately \$3,900), with the remainder being paid to the former employee;
- b) to Creditors with Unsecured Proven Claims greater than \$5,000 who elect, through the completion of the Convenience Class Claim Election form, to receive \$5,000, \$5,000. In respect of Claims of former employees of VON Canada who elect to reduce their Claims to \$5,000, the Monitor estimates that a portion of the \$5,000 payable would be paid to the Government of Canada on account of amounts previously paid to the former employee pursuant to the WEPP (to a maximum of approximately \$3,900), with the remainder being paid to the former employee; and
- c) to Affected Creditors who are not Convenience Class Creditors, between approximately 8.08 cents to 9.1 cents per dollar of Unsecured Proven Claim, if no Creditors having Claims greater than \$5,000 complete the Convenience Class Claim Election form, or between approximately 7.45 cents to 8.52 cents per dollar of Unsecured Proven Claim, if all Creditors having Claims between \$5,000 and \$58,000 complete the Convenience Class Claim Election form. These estimates are subject to change

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depending, among other things, on the number of Creditors which choose to file a Convenience Class Claim Election.

62. Attached as Appendix “C” to this Report is a schedule, with explanatory notes and assumptions, setting out the above estimated distribution scenarios assuming the Amended Plan is implemented. This schedule sets out the following two possible distribution scenarios: (i) no Affected Creditors with claims greater than \$5,000 elect to file a Convenience Class Claim Election (Scenario 1), and (ii) all creditors with claims between \$5,000 and \$58,000 elect to reduce their Claim to \$5,000 for distribution purposes. The claim amount of \$58,000 reflects the claim amount at which a Creditor would attain a return of 8.6%, which represents the mid-point of the return to creditors if no Creditors elected to reduce their claim to \$5,000 for distribution purposes. The Monitor points out that the information set out on the attached schedule is an estimate only, and that the actual distributions to Affected Creditors may be different from that as set out in this Report.
63. If the Affected Creditors agree to the Amended Plan through a vote of the Required Majority, VON Canada will then make an application to the Court for an order sanctioning and approving the Amended Plan.
64. If the Amended Plan is implemented on the Implementation Date as provided for in the Amended Plan, payments to Creditors pursuant to the Amended Plan are expected to occur on or before February 27, 2017.

**Likely Outcome if Creditors Vote Against the Amended Plan**

65. If Affected Creditors vote against the Amended Plan, the CCAA proceedings in respect of VON Canada may be terminated. In that event, a bankruptcy of VON

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Canada may occur and any remaining assets of VON Canada would vest in the trustee in bankruptcy appointed to administer the bankruptcy of VON Canada (“Trustee”). Subject to the rights of the Secured Creditors of VON Canada, the Trustee would proceed to realize on VON Canada’s assets for the benefit of the bankrupt estate of VON Canada, and then distribute to VON Canada’s Creditors the realizations from those assets in order of priority, net of the costs incurred by the Trustee.

66. VON Canada provided to the Monitor (i) a “Liquidation Analysis” which VON Canada prepared, (ii) VON Canada’s projected cash position as of November 30, 2016 and (iii) details of additional claims of creditors that would arise in the event of a bankruptcy of VON Canada. The Monitor reviewed VON Canada’s analysis for reasonableness and used it as the basis for the Monitor’s estimate of the distributions that might be available to Creditors assuming a bankruptcy of VON Canada. The Monitor has not audited or otherwise attempted to verify the accuracy or completeness of that information in a manner that would wholly or partially comply with Canadian Auditing Standards pursuant to the CPA Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of that information.
67. Assuming a bankruptcy of VON Canada on December 2, 2016, the distribution to Creditors is estimated to be:
- a) to former and current employees, 100% of their Employee Priority Claim up to a maximum of \$2,000 (to the extent not previously paid to the former employees by VON Canada or pursuant to the WEPP); and

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b) to all other creditors and employees in respect of proven claims not eligible as Employee Priority Claims, between approximately 3.49 cents to 5.25 cents per dollar of Unsecured Proven Claim.

68. Based on the WEPP, the Application For The Wage Earner Protection Program that the Monitor believes would have been signed by former employees, and correspondence that the Monitor has received from Service Canada, any amounts payable to the former employees in a bankruptcy will likely (i) first be repaid to the Government of Canada to the extent of amounts paid to that employee under the WEPP; and (ii) the remainder would be paid to the employee.
69. The Monitor notes that there may be other claims that arise against VON Canada, including the secured claim of BNS in the event that BNS makes demand of VON Canada in connection with VON Canada's secured guarantee of the loan facility BNS provided to Victorian Order Of Nurses For Canada - Ontario Branch and Victorian Order Of Nurses For Canada Nova Scotia Branch.
70. Attached as Appendix "D" to this Report is a schedule, with explanatory notes and assumptions, setting out the estimated distribution to Creditors assuming a bankruptcy of VON Canada on December 2, 2016. The Monitor points out that the information set out on the attached schedule is an estimate and that the actual distribution to Creditors may be different from that as set out in this Report.
71. In the event of the bankruptcy of VON Canada, it is uncertain when the Trustee would be in a position to make any payments to Creditors from the realizations from VON Canada's assets.

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**X. MONITOR'S RECOMMENDATION**

72. As set out above, if the Affected Creditors agree to the Amended Plan through a vote of the Required Majority, the Monitor expects that VON Canada will make an application to the Court for the Sanction Order and, if the Sanction Order is granted, proceed to implement the Amended Plan.
73. If Affected Creditors vote against the Amended Plan, the CCAA proceedings in respect of VON Canada may be terminated. In that event, VON Canada could, absent any other proceedings which may be commenced, continue to operate. If that was to occur, VON Canada has informed the Monitor that it has not identified any other value maximizing transactions that would enhance the value of VON Canada for Creditors, which is consistent with the context of a not-for-profit administrative cost centre for which there is no reasonable prospect of future excess value accumulation. Alternatively, a bankruptcy of VON Canada may occur.
74. Based on the Amended Plan and the information provided to the Monitor and contained in this Report, the Monitor is of the view that the Amended Plan would allow the Affected Creditors to maximize and expedite their return from VON Canada's indebtedness to them as:
- i) the potential distributions to Affected Creditors pursuant to the Amended Plan are higher and subject to less uncertainty than they would be in the event of the continued operations of VON Canada in the ordinary course or the bankruptcy of VON Canada;
- and

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- ii) distributions to Affected Creditors pursuant to the Amended Plan are expected to occur on or before February 27, 2017, whereas in the event of the continued operations of VON Canada or the bankruptcy of VON Canada, the timing of payments to Creditors is uncertain, but in any event are unlikely to occur before February 27, 2017.

75. Accordingly, the Monitor recommends that the Affected Creditors vote in favour of the Amended Plan in order to allow the Affected Creditors to maximize their return on the indebtedness owing to them by VON Canada.

Dated this 18<sup>th</sup> day of October, 2016.

**COLLINS BARROW TORONTO LIMITED**

In its capacity as the Monitor appointed in the CCAA proceedings of Victorian Order Of Nurses For Canada, Victorian Order Of Nurses For Canada – Eastern Region, and Victorian Order Of Nurses For Canada – Western Region and not in its personal capacity



Per: Daniel Weisz, CPA, CA, CIRP, LIT  
Senior Vice President

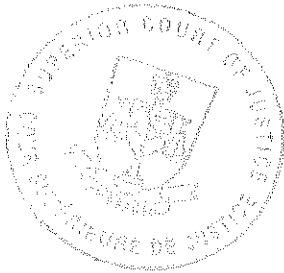


## APPENDIX A

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

THE HONOURABLE MR. )  
JUSTICE PENNY ) WEDNESDAY, THE 5<sup>th</sup>  
DAY OF OCTOBER, 2016



IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT  
ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF SECTION 101 OF THE COURTS OF JUSTICE  
ACT, R.S.O. 1990, C. C-43, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
OF VICTORIAN ORDER OF NURSES FOR CANADA, VICTORIAN ORDER  
OF NURSES FOR CANADA – EASTERN REGION AND VICTORIAN ORDER  
OF NURSES FOR CANADA – WESTERN REGION

Applicants

**MEETING ORDER**

**THIS MOTION** made by Victorian Order Of Nurses For Canada ("**VON Canada**") for an Order granting the relief set out in VON Canada's Notice of Motion, including *inter alia*:

- a) abridging, if necessary, the time for service of the Notice of Motion herein and dispensing with further service thereof;
- b) authorizing VON Canada to file with the Court a plan of compromise or arrangement of VON Canada under the *Companies' Creditors Arrangement Act* (the "**CCAA**");

- c) authorizing and directing VON Canada to call, hold and conduct a meeting (the “**Meeting**” as more particularly defined in paragraph 14 hereof) of a single class of affected creditors to consider and vote upon a resolution to approve the plan of compromise or arrangement filed by VON Canada;
- d) approving the procedures to be followed for the calling, holding and conduct of the Meeting; and
- e) granting such further relief as the Applicants may request and this Court shall permit,

was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Affidavit of Jo-Anne Poirier, sworn August 29, 2016 (the “**Poirier Affidavit**”), the fourth report of Collins Barrow Toronto Limited (the “**Monitor**”) dated October 1, 2016 (the “**Fourth Report**”), filed, and on hearing the submissions of counsel for VON Canada and the Monitor, no one appearing for any other person although duly served as appears from the affidavit of service of Evan Cobb sworn September 12, 2016,

#### **SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion herein be and is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

#### **DEFINITIONS**

2. **THIS COURT ORDERS** that capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the draft Plan of Compromise or Arrangement of VON

Canada, which is included in Exhibit "D" to the Poirier Affidavit (as it may be amended, supplemented or restated in accordance with its terms, the "**Plan**").

#### **MONITOR'S ROLE**

3. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under (i) the CCAA; (ii) the Initial Order; and (iii) the Claims Procedure Order dated February 24, 2016 (the "**Claims Procedure Order**"), is hereby directed and empowered to take such other actions and fulfill such other roles as are authorized by this Meeting Order.

4. **THIS COURT ORDERS** that: (i) in carrying out the terms of this Meeting Order, the Monitor shall have all the protections given to it by the CCAA, the Initial Order, the Claims Procedure Order, or as an officer of the Court, including the stay of proceedings in its favour; (ii) the Monitor shall use reasonable discretion as to the adequacy of compliance with respect to the manner in which any forms in this Meeting Order are completed and executed and the time in which they are submitted, and may waive strict compliance with the requirements of this Meeting Order, including with respect to the completion, execution and time of delivery of the required forms; (iii) the Monitor shall incur no liability or obligation as a result of carrying out the provisions of this Meeting Order, save and except for any gross negligence or wilful misconduct on its part; (iv) the Monitor shall be entitled to rely on the books and records of the Applicants and any information provided by the Applicants without independent investigation; and (v) the Monitor shall not be liable for any claims or damages resulting from any errors or omissions in such books, records or information.

#### **PLAN OF COMPROMISE OR ARRANGEMENT**

5. **THIS COURT ORDERS** that the Plan be and is hereby accepted for filing with the Court, and that VON Canada is authorized to seek approval of the Plan by the Creditors holding Voting

Claims or Disputed Claims (each an “**Eligible Voting Claim**” and the holder being an “**Eligible Voting Creditor**”) at the Meeting in the manner set forth herein.

6. **THIS COURT ORDERS** that VON Canada be and is hereby authorized to amend, modify and/or supplement the Plan, provided that any such amendment, modification or supplement shall be made in accordance with the terms of Section 7.1 of the Plan.

7. **THIS COURT ORDERS** that, if any amendments, modifications and/or supplements to the Plan as referred to in paragraph 6 above that occur prior to the Meeting, would, if disclosed, reasonably be expected to affect an Eligible Voting Creditor's decision to vote for or against the Plan, notice of such amendment, modification and/or supplement shall be distributed in advance of the Meeting, subject to further order of this Court, by the Monitor using the method most reasonably practicable in the circumstances, as the Monitor may determine. VON Canada may amend, modify and/ or supplement this Plan at any time and from time to time after the Meeting but before the Sanction Order is issued, provided that all such amendments, modifications and supplements are approved by the Court on notice to the Creditors affected thereby by posting such amendment on the Monitor's Website, and providing such amendment to the Service List, and neither the Applicants nor the Monitor shall have any obligation to give any other or further notice to any Person of of such amendments, modifications and/or supplements to the Plan.

#### **NOTICE OF MEETINGS**

8. **THIS COURT ORDERS** that each of the following in substantially the forms attached to this Order as **Schedules “A”, “B” and “C”**, respectively, are hereby approved:

- (a) the form of notice of the Meeting and Sanction Hearing (the “**Notice of Meeting**”);
- (b) the form of proxy for Creditors (the “**Creditors Proxy**”);

(c) the form of distribution election form (the "**Distribution Election Form**")

(collectively, with the Plan and the covering letter describing the Plan, the "**Information Package**").

9. **THIS COURT ORDERS** that, notwithstanding paragraph 8 above, but subject to paragraph 6 above, VON Canada is hereby authorized to make such amendments, modifications and/or supplements to the Information Package (other than the Plan, which may only be amended in accordance with its terms and this Order), as VON Canada and the Monitor may determine ("**Additional Information**"), and that notice of such Additional Information shall be distributed by the Monitor using the method most reasonably practicable in the circumstances, as the Monitor may determine.

10. **THIS COURT ORDERS** that, as soon as practicable after the granting of this Order, the Monitor shall cause a copy of the Information Package (and any amendments made thereto in accordance with paragraph 9 hereof) and this Order to be posted on the Monitor's Website. The Monitor shall ensure that the Information Package (and any amendments made thereto in accordance with paragraph 9 hereof) remains posted on the Monitor's Website until at least one (1) Business Day after the Implementation Date.

11. **THIS COURT ORDERS** that, as soon as practicable after the granting of this Order, the Monitor shall send the Information Package to all holders of Unsecured Proven Claims and Disputed Claims determined in accordance with the Claims Procedure Order as of the date of this Order, by regular mail, facsimile, courier or e-mail at the last known address (including fax number or email address) for such Creditors set out in the books and records of VON Canada or to such other address subsequently provided to the Monitor by such Creditor.

12. **THIS COURT ORDERS** that, as soon as practicable following the receipt of a request therefor, the Monitor shall send a copy of the Information Package by registered mail, facsimile,

courier or e-mail, to each person who claims to be a Creditor and who, no later than three (3) Business Days prior to the Meeting (or any adjournment thereof), makes a written request for it.

#### **NOTICE SUFFICIENT**

13. **THIS COURT ORDERS** that the sending of a copy of the Information Package to Creditors in accordance with paragraph 11 above, and the posting of the Information Package on the Monitor's Website, shall constitute good and sufficient notice of this Order, the Plan and the Notice of Meeting on all Persons who may be entitled to receive notice thereof, or who may wish to be present in person or by proxy at the Meeting or in these proceedings, and no other form of notice need be made on such Persons and no other document or material need be delivered to such Persons in respect of these proceedings. Notice shall be effective, in the case of mailing, three (3) Business Days after the date of mailing, in the case of delivery by courier, on the day after the courier was sent, in the case of any means of transmitted, recorded or electronic communication, when dispatched or delivered for dispatch and in the case of delivery by fax or e-mail, on the day the fax or e-mail was transmitted, unless such day is not a Business Day, or the fax or e-mail transmission was made after 5:00 p.m., in which case, on the next Business Day.

#### **THE MEETING**

14. **THIS COURT ORDERS** that VON Canada is hereby authorized and directed to call, hold and conduct a meeting at the offices of Norton Rose Fulbright Canada LLP, Royal Bank Plaza, South Tower, 200 Bay Street, Suite 3800, Toronto, Ontario, M5J 2Z4 on November 3, 2016, at 10:00 a.m. (Toronto time) for the Affected Creditors Class (as defined below) (the "**Meeting**"), or as adjourned to such places and times as the Chair or Monitor may determine in accordance with paragraph 31 hereof, for the purposes of considering and voting on the resolution to

approve the Plan and transacting such other business as may be properly brought before the Meeting.

15. **THIS COURT ORDERS** that the only Persons entitled to notice of, to attend or to speak at the Meeting are the Eligible Voting Creditors (or their respective duly appointed proxyholders), representatives of the Monitor, the Applicants, the Chief Restructuring Officer, the directors and officers of VON Canada, all such parties' legal advisors, the Chair, Secretary and the Scrutineers. Any other person may be admitted to the Meeting only by invitation of VON Canada or the Chair.

15A. **THIS COURT ORDERS** that only those Eligible Voting Creditors who submit proxies in accordance with Paragraph 17 below and those Eligible Voting Creditors who attend at the Meeting shall be entitled to vote their Claims at the Meeting.

#### **AFFECTED CREDITORS CLASS**

16. **THIS COURT ORDERS** that for the purposes of considering and voting on the Plan, the Creditors with Eligible Voting Claims shall constitute a single class of creditors being the "**Affected Creditors Class**". For the purposes of voting at the Meeting, each Creditor with an Eligible Voting Claim shall be entitled to one vote per dollar value of its Eligible Voting Claim as a member of the Affected Creditors Class.

#### **VOTING BY PROXIES**

17. **THIS COURT ORDERS** that all proxies submitted in respect of the Meeting (or any adjournment thereof) must be (a) submitted to the Monitor so that it is received by the Monitor on or before 10:00 a.m. (Toronto time) on the Business Day before the Meeting; and (b) in substantially the form attached to this Order as **Schedule "B"** or in such other form acceptable to the Monitor or the Chair. The Monitor is hereby authorized to accept and rely upon any proxy



or such other forms as may be acceptable to the Monitor and to use reasonable discretion as to the adequacy of compliance with respect to the manner in which any proxy is completed and executed, and may waive strict compliance with the requirements in connection with the deadlines imposed in connection therewith.

18. **THIS COURT ORDERS** that, for the purposes of tabulating the votes cast on any matter that may come before the Meeting, the Chair shall be entitled to rely on any vote cast by holders of all proxies that have been duly submitted to the Monitor in the manner set forth in this Meeting Order without independent investigation.

19. **THIS COURT ORDERS** that paragraphs 17 through 18 hereof, and the instructions contained in the Creditors Proxy attached hereto as **Schedule "B"** shall govern the submission of such documents and any deficiencies in respect of the form or substance of such documents filed with the Monitor.

20. **THIS COURT ORDERS** that in absence of instruction to vote for or against the approval of the resolution to approve the Plan, any duly signed and returned proxy shall be deemed to include instructions to vote for the approval of the resolution to approve the Plan, provided the proxy holder does not otherwise exercise its right to vote at the Meeting.

#### **TRANSFERS OR ASSIGNMENTS OF CLAIMS**

21. **THIS COURT ORDERS** that a Creditor may transfer or assign the whole of its Claim prior to the Meeting, in accordance with the Claims Procedure Order. If a Creditor transfers or assigns the whole of a Claim to another Person, such transferee or assignee shall not be entitled to attend and vote the transferred or assigned Claim at the applicable Meeting unless (i) the assigned Claim is a Voting Claim or Disputed Claim, or a combination thereof, and (ii) satisfactory notice of and proof of transfer or assignment has been delivered to the Monitor in

accordance with the Claims Procedure Order no later than three (3) Business Days prior to the date of the Meeting.

### **DISPUTED CLAIMS**

22. **THIS COURT ORDERS** that notwithstanding anything to the contrary herein, in the event that a Creditor holds a Claim that is a Disputed Claim as at the date of the Meeting, such Creditor may attend the Meeting and such Disputed Claim may be voted at such Meeting by such Creditor (or its duly appointed proxy holder) in accordance with the provisions of this Order, without prejudice to the rights of VON Canada, the Monitor or the holder of the Disputed Claim with respect to the final determination of the Claim for distribution purposes, and such vote shall be separately tabulated at the dollar value of such Disputed Claim as provided herein, provided that, other than as set out herein, the vote cast in respect of any Disputed Claim shall not be considered for any purpose, unless, until and only to the extent that such Disputed Claim is finally determined to be a Voting Claim.

### **ENTITLEMENT TO VOTE AT THE MEETING**

23. **THIS COURT ORDERS** that, for greater certainty, and without limiting the generality of anything in this Order, Persons holding Excluded Claims are not entitled to vote on the Plan at the Meeting in respect of such Excluded Claim and, except as otherwise permitted herein, shall not be entitled to attend the Meeting.

24. **THIS COURT ORDERS** that the only Persons entitled to vote at the Meeting in person or by proxy are Creditors with Eligible Voting Claims.

25. **THIS COURT ORDERS** that, notwithstanding anything to the contrary herein, any Person with a Claim that meets the definition of "equity claim" under section 2(1) of the CCAA shall have no right to, and shall not, vote at the Meeting.

26. **THIS COURT ORDERS** that each Convenience Class Creditor shall be deemed to have voted in favour of the Plan.

#### **PROCEDURE AT THE MEETING**

27. **THIS COURT ORDERS** that Daniel Weisz or another representative of the Monitor, designated by the Monitor, shall preside as the chair of the Meeting (the "**Chair**") and, subject to this Order or any further Order of the Court, shall decide all matters relating to the conduct of the Meeting.

28. **THIS COURT ORDERS** that a person designated by the Monitor shall act as secretary at the Meeting (the "**Secretary**") and the Monitor may appoint scrutineers for the supervision and tabulation of the attendance, quorum and votes cast at the Meeting (the "**Scrutineers**"). The Scrutineers shall tabulate the votes in respect of all Voting Claims and Disputed Claims, if any, at the Meeting.

29. **THIS COURT ORDERS** that an Eligible Voting Creditor that is not an individual may only attend and vote at the Meeting if it has appointed a proxy holder to attend and act on its behalf at such Meeting.

30. **THIS COURT ORDERS** that the quorum required at the Meeting shall be one Creditor with a Voting Claim present at such Meeting in person or by proxy. If the requisite quorum is not present at the Meeting, then such Meeting shall be adjourned by the Chair to such time and place as the Chair deems necessary or desirable.

31. **THIS COURT ORDERS** that the Meeting shall be adjourned on one or more occasions to such date, time and place as may be designated by the Chair or the Monitor as the Chair or the Monitor deems necessary or advisable, if:

- (a) the requisite quorum is not present at the Meeting;

- (b) the Meeting is postponed by a vote of the majority in value of the Creditors with Voting Claims present in person or by proxy at the Meeting; or
- (c) prior to or during the Meeting, the Chair or the Monitor, in consultation with VON Canada, otherwise decides to adjourn such Meeting.

The announcement of the adjournment by the Chair at such Meeting (if the adjournment is during the Meeting), the posting of notice of such adjournment on the Monitor's Website, and written notice to the Service List with respect to such adjournment shall constitute sufficient notice of the adjournment and neither the Applicants nor the Monitor shall have any obligation to give any other or further notice to any Person of the adjourned Meeting. Any proxies validly delivered in connection with the Meeting shall be acceptable as proxies in respect of any Meeting held after adjournment.

32. **THIS COURT ORDERS** that the Chair be and is hereby authorized to direct a vote at the Meeting, by confidential written ballot or by such other means as the Chair may consider appropriate, with respect to: (i) a resolution to approve the Plan and any amendments thereto; and (ii) any other resolutions as the Monitor may consider appropriate in consultation with VON Canada.

33. **THIS COURT ORDERS** that (i) in order to be approved, the Plan must receive the affirmative vote by the Required Majority; and (ii) following the vote at the Meeting, the Monitor shall tally the votes and determine whether the Plan has been approved by the Required Majority.

34. **THIS COURT ORDERS** that the Monitor shall keep separate tabulations of votes cast in respect of:

- (a) Voting Claims; and
- (b) Disputed Claims, if applicable.

35. **THIS COURT ORDERS** that following the votes at the Meeting, the Scrutineers shall tabulate the votes and the Monitor shall determine whether the Plan has been accepted by the Required Majority of the Affected Creditor Class pursuant to section 6 of the CCAA.

36. **THIS COURT ORDERS** that the Monitor shall file a report with this Court by no later than three (3) Business Days after the Meeting or any adjournment thereof, as applicable, with respect to the results of the vote, including whether:

- (a) the Plan has been accepted by the Required Majority in the Affected Creditor Class; and
- (b) whether the votes cast in respect of Disputed Claims, if applicable, would affect the result of the vote.

37. **THIS COURT ORDERS** that a copy of the Monitor's report regarding the Meeting and the Plan shall be posted on the Monitor's Website prior to the Sanction Hearing.

38. **THIS COURT ORDERS** that if the votes cast by the holders of Disputed Claims would affect whether the Plan has been approved by the Required Majority, the Monitor shall report this to the Court in accordance with paragraph 36 of this Order, in which case (i) VON Canada or the Monitor may request this Court to direct an expedited determination of any material Disputed Claims, (ii) VON Canada may request that this Court defer the date of the Sanction Hearing, (iii) VON Canada may request that this Court defer or extend any other time periods in this Order or the Plan, and/or (iv) VON Canada or the Monitor may seek such further advice and direction as may be considered appropriate.

#### **TREATMENT OF CREDITORS**

39. **THIS COURT ORDERS** that the result of any vote conducted at the Meeting shall be binding upon all Creditors of the Affected Creditor Class, whether or not any such Creditor was present or voted at the Meeting.

## **SANCTION HEARING AND ORDER**

40. **THIS COURT ORDERS** that if the Plan has been accepted by the Required Majority, VON Canada shall bring a motion seeking the Sanction Order on November 23, 2016, or as soon thereafter as the matter can be heard (the "**Sanction Hearing**").

41. **THIS COURT ORDERS** that service of the Notice of Meeting and the posting of this Order to the Monitor's Website pursuant to paragraphs 10 to 12 hereof shall constitute good and sufficient service of notice of the Sanction Hearing upon all Persons who may be entitled to receive such service and no other form of service or notice need be made on such Persons and no other materials need be served on such Persons in respect of the Sanction Hearing unless they have served and filed a Notice of Appearance in these proceedings.

42. **THIS COURT ORDERS** that any Person (other than the Applicants and the Monitor) wishing to receive materials in connection with the Sanction Hearing shall serve upon the lawyers for each of the Applicants, the Monitor, and all other parties on the Service List and file with this Court a Notice of Appearance by no later than 5:00 p.m. (Toronto time) on the date that is seven (7) days prior to the Sanction Hearing.

43. **THIS COURT ORDERS** that any Person who wishes to oppose the motion for the Sanction Order shall serve upon the lawyers for each of the Applicants, the Monitor, and upon all other parties on the Service List, and file with this Court, a copy of the materials to be used to oppose the motion for the Sanction Order by no later than 5:00 p.m. (Toronto time) on the date that is four (4) Business Days prior to the Sanction Hearing.

44. **THIS COURT ORDERS** that if the Sanction Hearing is adjourned, only those Persons who are listed on the Service List (including those Persons who have complied with paragraph 42 of this Order) shall be served with notice of the adjourned date of the Sanction Hearing.

## **DISTRIBUTION ELECTION FORM**

45. **THIS COURT ORDERS** that any Creditor that seeks to make a Convenience Class Claim Election must submit a completed Distribution Election Form setting out such election to the Monitor so that it is received by the Monitor on or before 10:00 a.m. (Toronto time) on the Business Day before the Meeting.

## **GENERAL**

46. **THIS COURT ORDERS** that VON Canada and the Monitor, may, in their discretion, generally or in individual circumstances, waive in writing the time limits imposed on any Creditor under this Order if VON Canada and the Monitor deem it advisable to do so, without prejudice to the requirement that all other Creditors must comply with the terms of this Order.

47. **THIS COURT ORDERS** that any notice or other communication to be given pursuant to this Order by or on behalf of any Person to the Monitor shall be in writing and will be sufficiently given only if by mail, courier, e-mail, facsimile or hand-delivery addressed to:

Collins Barrow Toronto Limited, Court-appointed Monitor  
of Victorian Order Of Nurses For Canada

11 King Street West, Suite 700  
Toronto, Ontario M5H 4C7

Attention: Jeffrey Berger

Telephone: (647) 726-0496  
Facsimile: (416) 480-2646  
E-mail: [cbtlmonitor@collinsbarrow.com](mailto:cbtlmonitor@collinsbarrow.com)

48. **THIS COURT ORDERS** that notwithstanding any provision herein to the contrary, the Monitor shall be entitled to rely upon any communication given pursuant to this Order (including any delivery of Creditor Proxies) by e-mail or fax.

49. **THIS COURT ORDERS** that if any deadline set out in this Order falls on a day other than a Business Day, the deadline shall be extended to the next Business Day.

50. **THIS COURT ORDERS** that VON Canada or the Monitor may from time to time apply to this Court to amend, vary, supplement or replace this Order or for advice and directions concerning the discharge of their respective powers and duties under this Order or the interpretation or application of this Order.

51. **THIS COURT ORDERS** that subject to any further Order of this Court, in the event of any conflict, inconsistency, ambiguity or difference between the provisions of the Plan and this Order, the terms, conditions and provisions of the Plan shall govern and be paramount.

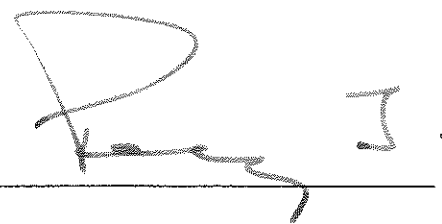
**EFFECT, RECOGNITION AND ASSISTANCE**

52. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada, outside Canada and against all Persons against whom it may be enforceable.

53. **THIS COURT REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or elsewhere to give effect to this Order and to assist VON Canada, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to VON Canada and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist VON Canada and the Monitor and their respective agents in carrying out the terms of this Order.

ENTERED AT / INSCRIT A TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO:

OCT 05 2016

A handwritten signature in black ink, appearing to be 'R. J.', written over a horizontal line.



Schedule "A"

COURT FILE No. CV-\_\_\_\_\_

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985,  
c. C-36, AS AMENDED

AND IN THE MATTER OF SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O.  
1990, C. C-43, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
VICTORIAN ORDER OF NURSES FOR CANADA, VICTORIAN ORDER OF NURSES FOR  
CANADA – EASTERN REGION AND VICTORIAN ORDER OF NURSES FOR CANADA –  
WESTERN REGION

NOTICE OF THE MEETING OF CREDITORS

NOTICE IS HEREBY GIVEN that a plan of compromise or arrangement (as amended, supplemented or restated from time to time, the "Plan") under the *Companies' Creditors Arrangement Act* (Canada) ("CCAA") has been filed with the Court in respect of Victorian Order Of Nurses For Canada. A copy of the Plan can be found on the website of Collins Barrow Toronto Limited, in its capacity as Monitor in the CCAA proceedings of Victorian Order of Nurses For Canada (the "Monitor") at:

<http://www.collinsbarrow.com/en/cbn/current-engagements-toronto/v-o-n> (the "Monitor's Website").

NOTICE IS ALSO HEREBY GIVEN that a meeting of a single class of affected creditors of Victorian Order Of Nurses For Canada (the "Meeting") will be held at 10:00 a.m. on November 3, 2016 (or such other date as may be set and announced in accordance with the Meeting Order (defined below)) at the offices of Norton Rose Fulbright Canada LLP, Royal Bank Plaza, South Tower, 200 Bay Street, Suite 3800, Toronto, Ontario, M5J 2Z4 for the purpose of considering and voting upon the Plan. The Meeting is being held pursuant to the Order of the Ontario Superior Court of Justice (Commercial List) made on \_\_\_\_\_, 2016 (the "Meeting Order") (a copy of which is available on the Monitor's Website). Capitalized terms used but not otherwise defined in this notice have the meaning ascribed to them in the Meeting Order.

NOTICE IS ALSO GIVEN that, pursuant to the Meeting Order, if the Plan is accepted by the Required Majority, a motion to, among other things, approve the Plan (the "Sanction Hearing") will be heard and has been scheduled for November 23, 2016. Pursuant to the Meeting Order, this notice shall be deemed to be sufficient notice of the Sanction Hearing.

The Monitor's contact details for additional information relating to the Initial Order, the CCAA Proceedings, the claims procedure or the Meeting is:

Collins Barrow Toronto Limited, Court-appointed Monitor  
of Victorian Order Of Nurses For Canada  
11 King Street West, Suite 700  
Toronto, Ontario M5H 4C7

Attention: Jeffrey Berger

Telephone: (647) 726-0496  
Facsimile: (416) 480-2646  
E-mail: [cbtlmonitor@collinsbarrow.com](mailto:cbtlmonitor@collinsbarrow.com)

Schedule "B"

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985,  
c. C-36, AS AMENDED

AND IN THE MATTER OF SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O.  
1990, C. C-43, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
VICTORIAN ORDER OF NURSES FOR CANADA, VICTORIAN ORDER OF NURSES FOR  
CANADA – EASTERN REGION AND VICTORIAN ORDER OF NURSES FOR CANADA –  
WESTERN REGION

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CREDITOR PROXY

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Capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the Plan of Compromise or Arrangement of Victorian Order Of Nurses For Canada ("VON Canada") dated as of October 5, 2016 (as may be amended, restated or supplemented from time to time, the "Plan") filed pursuant to the *Companies' Creditors Arrangement Act* with the Ontario Superior Court of Justice (Commercial List) (the "Court") in the City of Toronto in the Province of Ontario or in the Meeting Order granted by the Court on \_\_\_\_\_, 2016 (the "Meeting Order").

**Before completing this proxy, please read carefully the accompanying Instructions For Completion of Proxy.**

**THIS FORM OF PROXY IS FOR USE BY ALL CREDITORS.** In accordance with the Plan and the Meeting Order, this proxy may only be filed by Creditors having Voting Claims or Disputed Claims.

THE UNDERSIGNED CREDITOR hereby revokes all proxies previously given in respect of the Plan and nominates, constitutes, and appoints:

\_\_\_\_\_  
Print name of proxy

or, instead of the foregoing (or if no name is inserted above), Daniel Weisz of Collins Barrow Toronto Limited in its capacity as court-appointed monitor of VON Canada, or such other Person as he, in his sole discretion, may designate, to attend on behalf of and act for the undersigned Creditor at the Meeting to be held in connection with the Plan and at any and all adjournments, postponements or other rescheduling of such Meeting, and to vote the amount of the Eligible Voting Claim(s) of the undersigned for voting purposes as determined by and accepted for voting purposes in accordance with the Meeting Order and as set out in the Plan as follows:

VOTE (mark one only):  
FOR   
AGAINST   
APPROVAL OF THE PLAN

The nominee shall vote at the nominee's discretion and otherwise act for and on behalf of the undersigned Creditor with respect to any amendments, modifications, variations or supplements to the Plan and to any other matters that may come before the Meeting or any adjournment, postponement or other rescheduling of the Meeting.

If no name is inserted in the blank space provided in this proxy, the person named in this proxy who is a representative of the Monitor shall be designated as proxyholder

In absence of instruction to vote for or against the approval of the resolution to approve the Plan, any duly signed and returned proxy shall be deemed to include instructions to vote for the approval of the resolution to approve the Plan, provided the proxy holder does not otherwise exercise its right to vote at the meeting of creditors.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

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Print Name of Creditor

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Print name and title of the authorized signing officer of the corporation, partnership or trust, if applicable signing this form

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Signature of Creditor or, if the Creditor is a corporation, partnership or trust, signature of an authorized signing officer of the corporation, partnership or trust

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Telephone number of Creditor or authorized signing officer

---

Mailing Address of Creditor

---

E-mail address of Creditor

---

Print Name of Witness

---

Signature of Witness

### INSTRUCTIONS FOR COMPLETION OF PROXY

1. This proxy should be read in conjunction with the Plan and the Meeting Order.
2. Each Creditor has the right to appoint as his or her proxy a person other than the person named herein, and who need not be a Creditor, by inserting the name of such person in the space provided herein and signing this proxy. If no name is inserted in the blank space provided in this proxy, the person named in this proxy who is a representative of the Monitor shall be designated as proxyholder.
3. A Creditor who has given a proxy may revoke it (as to any matter on which a vote has not already been cast pursuant to its authority) by delivering written notice to the Monitor prior to the commencement of the Meeting or any adjournment or postponement of the Meeting.
4. If this proxy is not dated in the space provided, it shall be deemed to be dated as of the date on which it is received by the Monitor or the Chair presiding over the Meeting or any adjournment or postponement of the Meeting.
5. A valid proxy from the same Creditor bearing or deemed to bear a later date shall revoke this proxy. If more than one valid proxy from the same Creditor in the same capacity and bearing or deemed to bear the same date are received with conflicting instructions, such proxies shall not be counted for the purposes of the vote.
6. This proxy confers discretionary authority to the individual designated herein with respect to amendments or variations to matters identified in the Notice of Meeting and other matters that may properly come before the Meeting or any adjournment or postponement of the Meeting.
7. The Person named in the proxy shall vote the Voting Claim or Disputed Claim of the Creditor in accordance with the direction of the Creditor appointing him or her on any ballot that may be called for at the Meeting or any adjournment or postponement of the Meeting. **IF A CREDITOR SUBMITS THIS PROXY AND FAILS TO INDICATE ON THIS PROXY A VOTE FOR OR AGAINST APPROVAL OF THE PLAN, THIS PROXY SHALL BE VOTED FOR APPROVAL OF THE PLAN, INCLUDING ANY AMENDMENTS, VARIATIONS OR SUPPLEMENTS THERETO.**
8. Where the Creditor is a corporation, this proxy must be executed by an individual duly authorized to represent the corporation and the individual may be required to provide documentation evidencing such power and authority to sign this proxy.
9. A proxy, once duly completed, dated and signed, must be received by the Monitor at:

Collins Barrow Toronto Limited, Court-appointed Monitor of Victorian Order Of Nurses  
For Canada  
11 King Street West, Suite 700  
Toronto, Ontario M5H 4C7

Attention: Jeffrey Berger

Telephone: (647) 726-0496

Facsimile: (416) 480-2646

E-mail: [cbltmonitor@collinsbarrow.com](mailto:cbltmonitor@collinsbarrow.com)

**THIS PROXY MUST BE RECEIVED BY THE MONITOR PRIOR TO 10:00 AM ON NOVEMBER 2, 2016; IF YOU DO NOT DELIVER THIS PROXY TO THE MONITOR BY 10:00 AM ON NOVEMBER 2, 2016, YOUR VOTE MAY NOT BE COUNTED.**

The Monitor is authorized to use reasonable discretion as to the adequacy of compliance with respect to the manner in which any proxy is completed and executed, and may waive strict compliance with the requirements in connection with the deadlines imposed herewith.

Schedule "C"

Distribution Election Form

TO: Collins Barrow Toronto Limited, in its capacity as Monitor of Victorian Order Of Nurses For Canada

Convenience Class Claim Election

In connection with the Plan of Compromise or Arrangement of Victorian Order Of Nurses For Canada pursuant to the *Companies' Creditors Arrangement Act* (Canada) dated October 5, 2016 (as amended, restated, modified and/or supplemented from time to time, the "Plan"), the undersigned hereby elects to be treated as a Convenience Class Creditor and thereby receive the amount of \$5,000 in full and final satisfaction of the Claim of the undersigned, and hereby acknowledges that the undersigned shall be deemed to vote its Eligible Voting Claim in the full amount of that Eligible Voting Claim in favour of the Plan at the Meeting.

All capitalized terms used herein and not otherwise defined have the meanings given to them in the Plan.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

Print Name of Creditor

Print name and title of the authorized signing officer of the corporation, partnership or trust, if applicable signing this distribution election form

Signature of Creditor or, if the Creditor is a corporation, partnership or trust, signature of an authorized signing officer of the corporation, partnership or trust

Telephone number of Creditor or authorized signing officer

Mailing Address of Creditor

E-mail address of Creditor

Print Name of Witness

Signature of Witness

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C.  
1985, c. C-36, AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
VICTORIAN ORDER OF NURSES FOR CANADA ET AL.

Court File No: CV-15-11192-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**MEETING ORDER  
(VICTORIAN ORDER OF NURSES FOR CANADA)**

**Norton Rose Fulbright Canada LLP**  
Royal Bank Plaza, South Tower, Suite 3800  
200 Bay Street, P.O. Box 84  
Toronto, Ontario M5J 2Z4 CANADA

**Matthew Halpin LSUC#26208F**  
Tel: 613.780.8654  
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**Evan Cobb LSUC #55787N**  
Tel: 416.216.1929  
Fax: 416.216.3930  
Email: [evan.cobb@nortonrosefulbright.com](mailto:evan.cobb@nortonrosefulbright.com)

Lawyers for Victorian Order of Nurses for Canada

## **APPENDIX B**

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

IN THE MATTER OF THE COMPANIES' CREDITORS  
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF VICTORIAN ORDER OF NURSES FOR  
CANADA, VICTORIAN ORDER OF NURSES FOR CANADA –  
EASTERN REGION AND VICTORIAN ORDER OF NURSES FOR  
CANADA –WESTERN REGION

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**PLAN OF COMPROMISE OR ARRANGEMENT  
PURSUANT TO THE *COMPANIES' CREDITORS ARRANGEMENT ACT*  
OF VICTORIAN ORDER OF NURSES FOR CANADA**

---

**OCTOBER 5, 2016**

**WHEREAS** Victorian Order Of Nurses For Canada ("**VON Canada**") is insolvent and obtained protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), pursuant to an order of the Honourable Justice Penny dated November 25, 2015, as amended (the "**Initial Order**"). The Initial Order appointed Collins Barrow Toronto Limited as the Monitor of, among others, VON Canada;

**AND WHEREAS** the other Applicants in these proceedings under the CCAA are Victorian Order Of Nurses For Canada – Eastern Region ("**VON East**") and Victorian Order Of Nurses For Canada – Western Region ("**VON West**");

**AND WHEREAS** the operations of VON East and VON West are now entirely shut down and the operations of VON Canada continue at this time;

**AND WHEREAS** pursuant to the order of the Honourable Justice Penny dated October 5, 2016, VON Canada was authorized to file this plan of compromise or arrangement;

**AND WHEREAS** VON Canada hereby proposes and presents this plan of compromise or arrangement for the purpose of distributing the cash on hand that is not needed for ongoing working capital purposes of VON Canada to VON Canada's creditors under and pursuant to the CCAA.

## ARTICLE 1

### INTERPRETATION

#### Section 1.1 Definitions

In this Plan, unless otherwise stated or unless the subject matter or context otherwise requires, the following terms shall have the following meanings:

“**Administration Charge**” has the meaning given to it in the Initial Order;

“**Business Day**” means a day, other than Saturday, Sunday, on which banks are generally open for business in Toronto, Canada;

“**BIA**” means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3;

“**CCAA Proceedings**” means the proceedings under the CCAA commenced by VON Canada, VON East and VON West on November 25, 2015;

“**Chief Restructuring Officer**” means March Advisory Services Inc., in its capacity as Chief Restructuring Officer of VON Canada;

“**Claim**” means:

- a) any right of claim of any Person against VON Canada, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind of VON Canada, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known, or unknown, by guarantee, surety or otherwise and whether or not such right is executory in nature, including the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation is based in whole or in part on facts existing on or prior to the Filing Date; and
- b) any right of claim of any Person against VON Canada in connection with any indebtedness, liability or obligation of any kind whatsoever owed by VON Canada to such Person arising out of the restructuring, termination, repudiation, or disclaimer or breach of any lease, contract, employment agreement or other agreement or obligation after the Filing Date,

in each case, other than an Excluded Claim.

“**Claims Procedure Order**” means the Stay Extension and Claims Procedure Order of the Honourable Mr. Justice Penny, dated February 24, 2016 in these proceedings;

“**Convenience Class Claims**” means: (a) Unsecured Proven Claims of a Creditor that total less than or equal to \$5,000 in aggregate; and (b) Unsecured Proven Claims of a Creditor that total more than \$5,000 in aggregate and for which such Creditor has validly elected to value at \$5,000 for purposes of the Plan by filing a Convenience Class Claim Election by the Voting Deadline.

“**Convenience Class Creditor**” means a Creditor having a Convenience Class Claim.

“**Convenience Class Claim Election**” means an election, in accordance with the Meeting Order, pursuant to which a Creditor with one or more Unsecured Proven Claims that total in excess of \$5,000 in aggregate has elected by the Voting Deadline to receive only \$5,000 and is thereby deemed to vote in favour of the Plan in respect of such Unsecured Proven Claims in the amount of such Unsecured Proven

Claims as accepted in accordance with the Claims Procedure Order and to receive no other entitlements under the Plan.

“**Court**” means the Ontario Superior Court of Justice, Commercial List;

“**Creditor**” means any Person holding a Claim;

“**Creditors' Meeting**” means the meeting of Creditors holding Voting Claims called for the purpose of considering and voting in respect of this Plan pursuant to the CCAA and the terms of the Meeting Order on the Creditors' Meeting Date;

“**Creditors' Meeting Date**” means November 3, 2016, subject to any adjournment or postponement of the Creditors' Meeting in accordance with this Plan, the Meeting Order or further order of the Court;

“**Crown Claims**” means any Claim of the Crown, for all amounts that were outstanding at the Filing Date and are of a kind that could be subject to a demand under:

- a) subsection 224(1.2) of the ITA;
- b) any provision of the Canada Pension Plan or of the Employment Insurance Act that refers to subsection 224(1.2) of the ITA and provides for the collection of a contribution, as defined in the Canada Pension Plan, or an employee's premium, or employer's premium, as defined in the Employment Insurance Act, or a premium under Part VII.1 of that Act, and of any related interest, penalties or other amounts;
- c) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the ITA, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum:
  - i. has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the ITA; or
  - ii. is of the same nature as a contribution under the Canada Pension Plan if the province is a “province providing a comprehensive pension plan” as defined in subsection 3(1) of the Canada Pension Plan and the provincial legislation establishes a “provincial pension plan” as defined in that subsection.

“**Director and Officer Claim**” means any right of any Person against the Directors or Officers of VON Canada for which the Directors or Officers of VON Canada are by law liable to pay in their capacity as Directors or Officers or in any other capacity, in each case based in whole or in part on facts existing on or prior to the Filing Date;

“**Directors**” means the directors and former directors of VON Canada or any Person deemed to be a director or former director of VON Canada by any law, and “**Director**” means any one of them;

“**Disputed Claim**” means any unsecured Claim of a Creditor which has not been finally determined in accordance with the Claims Procedure Order by the Creditors' Meeting Date;

“**Distribution Date**” means a date not more than 45 days after the Implementation Date or such other date specified in the Sanction Order;

“**Distribution Pool**” means all cash and cash equivalents legally and beneficially owned by VON Canada as of the Implementation Date after payment in full of all Secured Proven Claims, claims secured by the Charges (as defined in the Initial Order) (and the delivery of a cash reserve to be held by the Monitor in

respect of such claims), Crown Claims and Employee Priority Claims and after deducting the Working Capital Reserve and the amounts payable on account of Convenience Class Claims;

**“Employee Priority Claims”** means the following claims of VON Canada’s employees and former employees:

- a) claims equal to the amounts that such employees and former employees would have been qualified to receive under paragraph 136(l)(d) of the BIA if VON Canada had become bankrupt on the Filing Date; and
- b) claims for wages, salaries, commissions or compensation for services rendered by VON Canada’s employees and former employees after the Filing Date and on or before the date of the Sanction Order, together with, in the case of travelling salespersons, disbursements properly incurred by them in and about VON Canada’s business during the same period.

**“Excluded Claim”** means: (i) claims secured by any of the Charges (as defined in the Initial Order); (ii) any claim enumerated in subsections 5.1(2) and 19(2) of the CCAA, (iii) any claim of The Bank of Nova Scotia; (iv) any claim by a Director or Officer for indemnification related to a Director and Officer Claim; (v) any claims for ordinary course normal contributions due from VON Canada to match the contributions of members that are made under clause 5.2.1(a), (b), (c) and (d) of the VON Canada Pension Plan; and (vi) any Employee Priority Claims or Crown Claims.

**“Filing Date”** means November 25, 2015;

**“Implementation Date”** means December 30, 2016, or such other date as VON Canada may determine in consultation with the Monitor, which date shall not be later than January 13, 2017;

**“ITA”** means the *Income Tax Act* (Canada), R.S.C. 1985, c. 1 (5th Supp.);

**“Meeting Order”** means the order of the Court dated October 5, 2016, which, among other things, provided for the calling of the Creditors’ Meeting;

**“Monitor”** means Collins Barrow Toronto Limited in its capacity as the Court-appointed Monitor of VON Canada;

**“Officers”** means the officers and former officers of VON Canada or any Person deemed to be an officer or former officer of VON Canada by any law and, solely for the purposes of this Plan, shall include the Chief Restructuring Officer, and “Officer” means any one of them;

**“Order”** means any order, directive, judgment, decision, ruling or award issued by the Court in the CCAA Proceeding;

**“Plan”** means this plan of compromise or arrangement filed with the Court pursuant to the CCAA, as this Plan may be amended, varied or supplemented from time to time in accordance with Article 7 hereof;

**“Person”** means any individual, partnership, firm, joint venture, trust, entity, corporation, unincorporated organization, trade union, employee or other association and any federal, provincial, state or municipal government or similar entity, howsoever designated or constituted;

**“Proof of Claim”** means the form completed and filed by a Creditor setting forth its purported Claim which is substantially in the form attached to the Claims Procedure Order;

**“Property”** means all of VON Canada’s assets, undertakings and properties of every nature and kind whatsoever and wherever situate, including all proceeds thereof;

**“Proven Claim”** means the amount of the Claim of a Creditor as determined in accordance with the Claims Procedure Order;

**“Required Majority”** means the affirmative vote of a majority in number of the Creditors having Voting Claims and voting on this Plan (in person or by proxy) at the Creditors' Meeting representing not less than 66 2/3% in value of the Voting Claims of the Creditors voting (in person or by proxy) at the Creditors' Meeting or were deemed to vote on this Plan in accordance with its terms or the Meeting Order;

**“Sanction Order”** means an order of the Court, among other things, approving and sanctioning this Plan;

**“Secured Proven Claim”** means any Claim or portion thereof, as finally determined in accordance with the Claims Procedure Order, which has the benefit of a valid and enforceable security interest in, mortgage or charge over, lien against or other similar interest in the Property, but only to the extent of the realizable value of the property subject to such security;

**“Taxing Authorities”** means any one of Her Majesty the Queen, Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of any province or territory of Canada, the Canada Revenue Agency, any similar revenue or taxing authority of Canada and each and every province or territory of Canada and any political subdivision thereof and any Canadian or non-Canadian (including U.S.) government, regulatory authority, government department, agency, commission, bureau, minister, court, tribunal or body or regulation making entity exercising taxing authority or power, and **“Taxing Authority”** means any one of the Taxing Authorities;

**“Unresolved Claim”** means any Claim of a Creditor which has not been finally determined for distribution purposes in accordance with the Claims Procedure Order by the Implementation Date;

**“Unsecured Proven Claim”** means the unsecured portion of a Creditor's Proven Claim as determined in accordance with the Claims Procedure Order;

**“Voting Claim”** means the amount of a Creditor's Unsecured Proven Claim or the amount of a Creditor's Disputed Claim which has been accepted by the Monitor for the purpose of voting at the Creditors' Meeting in accordance with the Meeting Order;

**“Voting Deadline”** means 10:00 a.m. (Toronto time) on the Business Day before the date of the Creditors' Meeting; and

**“Working Capital Reserve”** means \$250,000.

## **Section 1.2 Interpretation**

For purposes of this Plan:

- (a) all references to currency and to “\$” are to Canadian Dollars, unless otherwise specified;
- (b) the division of this Plan into Articles and Sections are for convenience of reference only and do not affect the construction or interpretation of this Plan, nor are the descriptive headings of Articles and Sections intended as complete or accurate descriptions of the content thereof;
- (c) references to the singular in the Plan shall include the plural, references to the plural shall include the singular and to any gender shall include the other gender;
- (d) unless otherwise specified, all references to time in this Plan mean local time in Toronto, Canada and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day;

- (e) unless otherwise specified, a time period within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day if the last day of the period is not a Business Day;
- (f) the words “includes” and “including” and similar terms of inclusion shall not, unless expressly modified by the words “only” or “solely”, be construed as terms of limitation, but rather shall mean “includes but is not limited to” and “including but not limited to”, so that references to included matters shall be regarded as illustrative without being either characterizing or exhaustive; and
- (g) Whenever any payment to be made or action to be taken under this Plan is required to be made or to be taken on a day other than a Business Day, such payment shall be made or action taken on the next succeeding Business Day.

## **ARTICLE 2**

### **PURPOSE AND EFFECT OF THE PLAN**

#### **Section 2.1 Purpose of this Plan**

The purpose of this Plan is to distribute the Distribution Pool to VON Canada’s Creditors with Unsecured Proven Claims and provide for the compromise and settlement of all Claims against VON Canada.

#### **Section 2.2 Effect of this Plan**

On the Implementation Date, all Claims against VON Canada will be deemed to be compromised and settled and shall be fully released and discharged, excepting only the obligations to make distributions in respect of such Claims, which compromise shall be final and binding on VON Canada and all Persons affected by this Plan.

## **ARTICLE 3**

### **CLASSIFICATION OF CREDITORS**

#### **Section 3.1 Class of Creditors**

For the purpose of voting on this Plan the Creditors with Voting Claims shall constitute a single class, the Affected Creditors Class.

#### **Section 3.2 Claims**

Creditors shall prove their Claims, vote (in the case of Voting Claims) in respect of this Plan, and receive the distributions provided for hereunder pursuant to the Claims Procedure Order, the Meeting Order and this Plan.

## **ARTICLE 4**

### **CREDITORS’ MEETING**

#### **Section 4.1 Creditors’ Meeting**

The Creditors’ Meeting shall be held in accordance with this Plan, the Meeting Order and any further order of the Court which may be made from time to time. The only Persons entitled to attend the Creditors’ Meeting are VON Canada, the Monitor and its legal counsel; those Persons, including the

holders of proxies, entitled to vote at the Creditors' Meeting, the directors and officers of VON Canada, the Chief Restructuring Officer, and their respective legal counsel and advisors. Any other Person may be admitted on invitation of the chair of the Creditors' Meeting.

#### **Section 4.2 Voting by Creditors**

VON Canada will seek approval of this Plan by the affirmative vote of the Required Majority. Except for any resolution to be voted on at the Creditors' Meeting to approve this Plan, which will be decided by the Required Majority by ballot, every question submitted to a vote at the Creditors' Meeting will be decided by a majority in value of the Voting Claims, unless the Monitor decides, in its sole discretion, that any such question submitted to a vote at the Creditors' Meeting will be decided by the majority of votes given on a show of hands.

The result of any vote at the Creditors' Meeting will be binding on all Persons affected by this Plan, whether or not any such Person is present at the Creditors' Meeting.

Convenience Class Creditors shall be deemed to vote in favour of the Plan.

#### **Section 4.3 Claims for Voting Purposes**

Each Creditor with a Voting Claim shall be entitled to one vote, which vote shall have the value of such Creditor's Voting Claim. The amount of a Creditor's Disputed Claim which has not been accepted by the Monitor as a Voting Claim may be voted at the Creditors' Meeting, but shall be recorded and tabulated by the Monitor separately at the amount of the Disputed Claim. The amount of the Voting Claim of any Creditor holding a Disputed Claim as accepted by the Monitor for the purpose of voting only shall be without prejudice to the rights of VON Canada, the Monitor and such Creditor with respect to the final determination of the Creditor's Claim for distribution purposes.

#### **Section 4.4 Claims Bar Date**

If any Person asserting a Claim has failed to file a Proof of Claim in accordance with the Claims Procedure Order prior to the Claims Bar Date (as defined in the Claims Procedure Order) or such later date as was agreed to in writing by the Monitor or extended by further order of the Court, that Person shall not be permitted to vote at the Creditors' Meeting and shall not receive any distribution under this Plan.

#### **Section 4.5 Chair**

An officer of the Monitor, or an individual designated by him or her, shall preside as the chair of the Creditors' Meeting and shall decide all matters relating to procedure at the Creditors' Meeting not otherwise set out in the Meeting Order.

### **ARTICLE 5**

#### **DISTRIBUTIONS UNDER THE PLAN**

##### **Section 5.1 Distributions on Account of Secured Proven Claims**

If this Plan is implemented, then on the Distribution Date, each Creditor holding a Secured Proven Claim shall receive a distribution equal to the full amount of the Creditor's Secured Proven Claim.

##### **Section 5.2 Distributions on Account of Unsecured Proven Claims**

If this Plan is implemented, then on the Distribution Date, each Creditor holding an Unsecured Proven Claim will receive a distribution of a portion of the Distribution Pool equal to the proportion that such

Creditor's Unsecured Proven Claim represents as a percentage of all Unsecured Proven Claims, up to the maximum amount of such Creditor's Unsecured Proven Claim. Such distributions shall be delivered by cheque sent by pre-paid ordinary mail by VON Canada to the address set out in such Creditor's proof of claim. Notwithstanding the foregoing, distributions to Convenience Class Creditors shall be made solely in accordance with Section 5.5 below.

### **Section 5.3 Interest on Claims**

Interest will not accrue or be paid on Unsecured Proven Claims after or in respect of the period following the Filing Date and no holder of an Unsecured Proven Claim will be entitled to any interest in respect of such Unsecured Proven Claim accruing on or after or in respect of the period following the Filing Date.

### **Section 5.4 Certain Crown Claims and Employee Claims**

Within six (6) months after the date of the Sanction Order, VON Canada will pay in full all Crown Claims owed by VON Canada, if any.

At or prior to implementation of this Plan, VON Canada will pay in full all Employee Priority Claims owed by VON Canada, if any.

### **Section 5.5 Convenience Class Claims**

On the Distribution Date, each Creditor that is a Convenience Class Creditor shall receive a distribution in the amount of its Convenience Class Claim by cheque sent by pre-paid ordinary mail to the address set out in such Convenience Class Creditor's proof of claim and shall not be entitled to receive any further distribution under the Plan.

### **Section 5.6 Currency**

For voting purposes, a Claim shall be denominated in Canadian dollars. Any Claim denominated in a currency other than Canadian dollars shall be converted to Canadian dollars based on the noon spot rate of exchange quoted by the Bank of Canada for exchanging such currency to Canadian dollars as at the Filing Date.

Claims originally denominated in a foreign currency will be distributed to those creditors in Canadian dollars based on the noon spot rate of exchange quoted by the Bank of Canada for exchanging such currency to Canadian dollars as at the Implementation Date.

### **Section 5.7 Withholding and Reporting Requirements**

VON Canada shall be entitled to deduct and withhold from any distribution, payment or consideration otherwise payable to any Creditor or to any Person on behalf of any Creditor such amounts (a "Withholding Obligation") (i) as VON Canada is required to deduct and withhold with respect to such payment under the ITA or any provision of federal, provincial, territorial, state, local or foreign tax law, in each case, as amended, or (ii) on account of payments previously made to Creditors under the Wage Earner Protection Program.

To the extent that amounts are so withheld or deducted and paid over to the applicable Taxing Authority, such withheld or deducted amounts shall be treated for all purposes of the Plan as having been paid to such Person as the remainder of the payment in respect of which such withholding and deductions were made. For greater certainty, no distribution, payment or other consideration shall be made to or on behalf of a holder of a Proven Claim pursuant to the Plan unless and until such holder has made arrangements satisfactory to VON Canada for the payment and satisfaction of any Withholding Obligations imposed on VON Canada by any Taxing Authority.



## **Section 5.8    Uncashed Cheques**

If a distribution cheque mailed by VON Canada to a Creditor is not deposited within six (6) months of its mailing or is returned to VON Canada and the Creditor entitled to such distribution cannot be found by VON Canada after reasonable efforts to locate such Creditor have been made, the cheque payable to such Creditor shall be cancelled and the funds represented by all such cancelled cheques shall, if in excess of \$5,000 in aggregate be reallocated to the Distribution Pool for distribution to creditors with Unsecured Proven Claims other than Convenience Class Claims or, if less than or equal to \$5,000 in aggregate, shall be retained by VON Canada free and clear of any claims; provided, however, that VON Canada shall not be required to make any distribution of funds reallocated to the Distribution Pool under this Section 5.8 to any Creditor where such distribution would be less than \$50 (the “**Minimum Distribution Threshold**”). Any amounts from these reallocated funds that would otherwise be payable to a Creditor in an amount that does not meet or exceed the Minimum Distribution Threshold shall be retained by VON Canada free and clear of any claims.

## **Section 5.9    No Distribution Pending Allowance**

Notwithstanding any other provision of the Plan, no payments or distributions shall be made with respect to all or any portion of an Unresolved Claim unless and to the extent all or a portion of the Unresolved Claim has become a Proven Claim for distribution purposes.

On the Implementation Date, VON Canada will pay from the Distribution Pool to the Monitor an amount equal to the aggregate amount of all distributions that Creditors with Unresolved Claims would otherwise have received pursuant to this Plan had their Unresolved Claims been Proven Claims for distribution purposes on the Distribution Date. The Monitor will establish a reserve for Unresolved Claims, if any, from the Distribution Pool (the “**Unresolved Claims Reserve**”). The Monitor shall continue to hold the Unresolved Claims Reserve for the benefit of each Creditor holding an Unresolved Claim until such Claim becomes a Proven Claim for distribution purposes (at which point the Monitor shall make a distribution in respect of such Proven Claim) or is ultimately disallowed.

If an Unresolved Claim is ultimately determined to not be a valid Claim in whole or in part in accordance with the Claims Procedure Order after the Implementation Date, any portion of the Unresolved Claims Reserve in respect of such Unresolved Claim shall be reallocated to the Distribution Pool and, if upon resolution of all Unresolved Claims, the Distribution Pool has a balance in excess of \$5,000, the funds in the Distribution Pool shall be paid out to creditors with Unsecured Proven Claims other than Convenience Class Claims in accordance with this Plan or, if the funds in the Distribution Pool are less than or equal to \$5,000, the funds remaining in the Distribution Pool shall be retained by VON Canada free and clear of any claims; provided, however, that VON Canada shall not be required to make any distribution of funds reallocated to the Distribution Pool under this Section 5.9 to any Creditor where such distribution would be less than the Minimum Distribution Threshold. Any amounts from these reallocated funds that would otherwise be payable to a Creditor in an amount that does not meet or exceed the Minimum Distribution Threshold shall be retained by VON Canada free and clear of any claims.

## **Section 5.10   Unapplied Portion Of Reserve For Amounts Secured By Charges**

A cash reserve in an amount not to exceed \$50,000 shall be paid over to the Monitor on the Implementation Date to pay any claims that may become payable for amounts secured by the Charges. If it is determined that the amounts held by the Monitor as a reserve for claims secured by the Charges is no longer required, such amounts shall be reallocated to the Distribution Pool and, if the funds in the Distribution Pool are less than or equal to \$5,000, the funds remaining in the Distribution Pool shall be retained by VON Canada free and clear of any claims; provided, however, that VON Canada shall not be required to make any distribution of funds reallocated to the Distribution Pool under this Section 5.10 to any Creditor where such distribution would be less than the Minimum Distribution Threshold. Any amounts from these reallocated funds that would otherwise be payable to a Creditor in an amount that

does not meet or exceed the Minimum Distribution Threshold shall be retained by VON Canada free and clear of any claims.

### **Section 5.11 Employee Claims**

If a former employee of VON Canada has received payment from the Wage Earner Protection Program on account of amounts owing to such former employee by VON Canada, such former employee's recovery under this Plan, whether as a Convenience Class Creditor or otherwise, will be adjusted so that such former employee's claim for distribution purposes excludes the amount received from the Wage Earner Protection Program by such former employee on account of amounts owing to such former employee by VON Canada.

## **ARTICLE 6**

### **COURT SANCTION, CONDITIONS PRECEDENT AND IMPLEMENTATION**

#### **Section 6.1 Conditions Precedent**

The implementation of this Plan is subject to the following conditions precedent which are in favour of VON Canada:

- (a) This Plan has been approved by the Required Majority at the Creditors' Meeting;
- (b) The Sanction Order has been issued and entered; and
- (c) Unless such condition is waived by VON Canada in consultation with the Monitor, all applicable appeal periods in respect of the Sanction Order have expired and any appeals therefrom have been finally disposed of by the applicable appellate tribunal.

#### **Section 6.2 Effect of Sanction Order**

In addition to approving and sanctioning this Plan, the Sanction Order shall, among other things:

- (a) Declare that: (i) the Plan has been approved by the Required Majority in conformity with the CCAA; (ii) VON Canada and the Monitor have complied with the provisions of the CCAA and the Orders of the Court made in these proceedings in all respects; (iii) the Court is satisfied that VON Canada and the Monitor have not done or purported to do anything that is not authorized by the CCAA; and (iv) the Plan and the transactions contemplated thereby are fair and reasonable;
- (b) Authorize the Monitor and VON Canada to perform their functions and fulfill their obligations under the Plan to facilitate the implementation of the Plan;
- (c) Effective on the Implementation Date, permanently stay all Claims and declare that the compromises effected hereby are approved, binding and effective as herein set out upon all Creditors and other Persons affected by this Plan;
- (d) Confirm the releases provided for in Article 8 hereof;
- (e) Declare that in carrying out the terms of the Meeting Order, the Sanction Order and this Plan, (i) the Monitor shall benefit from the protections given to it by the CCAA, the Initial Order, and any other Order in the CCAA Proceedings, and as an officer of the Court, including the stay of

proceedings in its favour; and (ii) the Monitor shall incur no liability or obligation as a result of carrying out the provisions of the Sanction Order and this Plan.

- (f) Effective on the Implementation Date, compromise, discharge and release VON Canada from any and all Claims of any nature in accordance with the Plan, and declare that the ability of any Person to proceed against VON Canada in respect of or relating to any Claims shall be forever discharged and restrained, subject only to the right of the Creditor to receive distributions pursuant to the Plan in respect of its Proven Claims; and
- (g) Declare that upon completion by VON Canada and the Monitor of their duties pursuant to the CCAA and the Orders granted in these proceedings under the CCAA, including without limitation, the Monitor's duties in respect of the Claims Procedure Order and the Plan, the Monitor may file with the Court a certificate stating that all of its duties in respect of VON Canada pursuant to the CCAA and the Orders have been completed and thereupon these CCAA proceedings shall be terminated in respect of VON Canada.

### **Section 6.3 Monitor's Certificate**

Upon receipt by the Monitor of written confirmation from VON Canada (on which the Monitor shall be entitled to rely without further investigation or verification) that all distributions under the Plan have been issued and all the conditions precedent under the Plan have been satisfied, the Monitor shall file a certificate with the Court stating that the conditions precedent set out in Section 6.1 hereof have been satisfied and that the Plan has been implemented.

## **ARTICLE 7**

### **PLAN AMENDMENTS**

#### **Section 7.1 Plan Amendments**

VON Canada may amend, modify and/or supplement this Plan at any time and from time to time prior to the Creditors' Meeting, provided that all such amendments, modifications and supplements are disclosed and made available at the Creditors' Meeting in the manner required in the Meeting Order.

VON Canada may amend, modify and/ or supplement this Plan at any time and from time to time after the Creditors' Meeting but before the Sanction Order is issued, provided that all such amendments, modifications and supplements are approved by the Court on notice to the Creditors affected thereby in the manner required in the Meeting Order.

VON Canada may amend, modify and/or supplement this Plan at any time and from time to time after issuance of the Sanction Order, provided that all such amendments, modifications and supplements are, in the opinion of the Monitor or the Court, of an administrative nature required to better give effect to the implementation of this Plan or the Sanction Order and are not adverse to the financial or economic interests of the Creditors generally.

Any amended, modified and/or supplementary plan or plans of compromise or arrangement shall for all purposes be and be deemed to be a part of and incorporated into this Plan.

## **ARTICLE 8**

### **RELEASES**

- (a) On the Implementation Date, the following shall be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred:

- i. all Claims, whether or not filed in accordance with the Claims Procedure Order;
- ii. all Director and Officer Claims, whether or not filed in accordance with the Claims Procedure Order;
- iii. any and all demands, claims, actions, causes of action, counterclaims, suits, debts, covenants, damages, judgments, executions, liens and other recoveries on account of any indebtedness, liability, obligation, demand or cause of action of whatever nature that any Person (including any Person who may claim contribution or indemnification against or from them) may be entitled to assert, against VON Canada, the Monitor, the Chief Restructuring Officer and each of their respective financial advisors, legal counsel, agents, directors, officers, partners, employees or representatives whether known or unknown, matured or unmatured, direct, indirect or derivative, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Implementation Date that are in any way relating to, arising out of or in connection with (i) the restructuring, disclaimer, resiliation, breach or termination of any contract, lease, agreement or other arrangement, whether written or oral; (ii) this Plan; and (iii) these CCAA proceedings; provided that nothing herein shall waive, release, discharge, cancel or bar any right to enforce the obligations under this Plan, VON Canada from or in respect of any Excluded Claim, or any person from any claim that is not permitted to be released pursuant to section 19(2) of the CCAA or section 5.1(2) of the CCAA.

(collectively, the “**Released Claims**”).

(b) All Persons (regardless of whether or not such Persons are Creditors) are permanently and forever barred, estopped, stayed and enjoined, on and after the Implementation Date, from (i) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits, demands or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) in respect of a Released Claim; (ii) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order in respect of a Released Claim; or (iii) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits or demands, including without limitation, by way of contribution or indemnity or other relief, in common law, or in equity, or for breach of trust or breach of fiduciary duty or under the provisions of any statute or regulation, or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against any Person who makes such a claim or might reasonably be expected to make such a claim, in any manner or forum, against one or more of the parties who is the subject of a Released Claim.

## **ARTICLE 9**

### **WAIVER OF DEFAULTS**

Subject to the performance by VON Canada of its obligations under this Plan, no Person who is a party to any obligations or agreements with VON Canada shall, following the Implementation Date, accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of set-off, option, dilution or other remedy) or make any demand under or in respect of any such obligation or agreement as against VON Canada, by reason of:

- i. any defaults or events of default arising as a result of the insolvency of VON Canada, VON East or VON West prior to the Implementation Date;
- ii. the fact that VON Canada, VON East or VON West have sought or obtained relief under the CCAA, Section 101 of the *Courts of Justice Act* (Ontario) or under the BIA or that this Plan has been implemented by VON Canada;

- iii. the effect on VON Canada of the completion of any of the transactions contemplated by this Plan;
- iv. any compromises or arrangements effected pursuant to this Plan; or
- v. any other event(s) which occurred on or prior to the Implementation Date which would have entitled any Person to enforce rights and remedies, subject to any express provisions to the contrary in any agreements entered into with VON Canada after the Filing Date.

For greater certainty, nothing in this Article 9 shall waive, compromise or discharge any obligations of VON Canada in respect of any Excluded Claim.

## **ARTICLE 10**

### **GENERAL**

#### **Section 10.1 Termination of the Plan**

At any time prior to the Implementation Date, VON Canada may determine not to proceed with this Plan, notwithstanding a prior approval given at the Creditors' Meeting or the obtaining of the Sanction Order.

#### **Section 10.2 Paramountcy**

From and after the Implementation Date, any conflict between this Plan and the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, credit document, agreement for sale, by-laws of VON Canada, lease or other agreement, written or oral and any and all amendments or supplements thereto existing between one or more of the Creditors and VON Canada as at the Implementation Date will be deemed to be governed by the terms, conditions and provisions of this Plan and the Sanction Order, which shall take precedence and priority.

#### **Section 10.3 Successors and Assigns**

This Plan and any compromise effected by this Plan shall be binding upon and shall enure to the benefit of the heirs, administrators, executors, representatives, successors and assigns of any Person named or referred to in, or affected by, this Plan for all purposes, as of the Implementation Date.

#### **Section 10.4 Consents, Waivers and Agreements**

On the Implementation Date, any Person affected by this Plan shall be deemed to have consented and agreed to all of the provisions of this Plan in their entirety. In particular, each Creditor shall be deemed to have executed and delivered to VON Canada and the Monitor all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out this Plan in its entirety.

#### **Section 10.5 Responsibilities of the Monitor**

The Monitor is acting and will continue to act in all respects in its capacity as Monitor in these CCAA Proceedings, and not in its personal or corporate capacities. The Monitor will not be responsible or liable whatsoever for any obligations of VON Canada. The Monitor will have the powers and protections granted to it by the Plan, the CCAA, the Initial Order, the Sanction Order and any other Order made in the CCAA Proceedings.

#### **Section 10.6 Deeming Provisions**

In this Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

### **Section 10.7 Claims Bar Date**

Nothing in this Plan extends or shall be interpreted as extending or amending the Claims Bar Date (as defined in the Claims Procedure Order) or gives or shall be interpreted as giving any rights to any Person in respect of Claims that have been barred or extinguished pursuant to the Claims Procedure Order.

### **Section 10.8 Severability of Plan Provisions**

If any term or provision of this Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of VON Canada, will have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of this Plan will remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation.

### **Section 10.9 Notices**

Any notice or communication to be delivered hereunder shall be in writing and shall reference this Plan and may, subject as hereinafter provided, be made or given by personal delivery, mail or facsimile addressed to the respective parties as follows:

(a) if to VON Canada:

2315 St. Laurent Blvd., Suite 100  
Ottawa, Ontario K1G 4J8

Attention: Jo-Anne Poirier

With copy to:

Norton Rose Fulbright Canada LLP  
Royal Bank Plaza, South Tower, Suite 3800  
200 Bay Street, P.O. Box 84  
Toronto, Ontario M5J 2Z4

Attention: Matthew Halpin / Evan Cobb  
Email: [matthew.halpin@nortonrosefulbright.com](mailto:matthew.halpin@nortonrosefulbright.com) / [evan.cobb@nortonrosefulbright.com](mailto:evan.cobb@nortonrosefulbright.com)

and to:

Roxanne Anderson

Email: [randerson@marchadvisory.ca](mailto:randerson@marchadvisory.ca)

(b) if to the Monitor:

Collins Barrow Toronto Limited  
11 King Street West  
Suite 700

Toronto, Ontario M5H 4C7

Attention: Daniel Weisz / Brenda Wong  
Email: [dweisz@collinsbarrow.com](mailto:dweisz@collinsbarrow.com) / [bywong@collinsbarrow.com](mailto:bywong@collinsbarrow.com)

With a copy to:

Bennett Jones LLP  
3400 One First Canadian Place  
Toronto, Ontario M5X 1A4

Attention: Mark Laugesen  
Email: [laugesenm@bennettjones.com](mailto:laugesenm@bennettjones.com)

(b) if to a Creditor:

to the last known address or a facsimile number for such Creditor or the address or facsimile number for such Creditor specified in the Proof of Claim filed by such Creditor pursuant to the Claims Procedure Order; or

(c) to such other address as any party may from time to time notify the others in accordance with this section. All such notices and communications which are delivered shall be deemed to have been received on the date of delivery. All such notices and communications which are delivered by facsimile shall be deemed to be received on the date transmitted, if before 5:00 p.m. on a Business Day, and otherwise shall be deemed to be received on the next Business Day following the day upon which such facsimile was sent. Any notice or other communication sent by mail shall be deemed to have been received on the fifth Business Day after the date of mailing. The unintentional failure by VON Canada or the Monitor to give a notice contemplated hereunder shall not invalidate any action taken by any Person pursuant to this Plan.

#### **Section 10.10 Further Assurances**

Notwithstanding that the transactions and events set out in this Plan shall be deemed to occur without any additional act or formality other than as set out herein, each of the Persons affected hereby shall make, do and execute or cause to be made, done or executed all such further acts, deeds, agreements, transfers, assurances, instruments, documents or discharges as may be reasonably required by VON Canada or the Monitor in order to better implement this Plan.

Dated at Toronto, Ontario as of the 5th day of October, 2016

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF VICTORIAN ORDER OF NURSES FOR CANADA ET AL.

Court File No: CV-15-11192-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**PLAN OF COMPROMISE OR ARRANGEMENT**

**(VICTORIAN ORDER OF NURSES FOR CANADA)**

**Norton Rose Fulbright Canada LLP**  
Royal Bank Plaza, South Tower, Suite 3800  
200 Bay Street, P.O. Box 84  
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Lawyers for Victorian Order of Nurses for Canada



## APPENDIX C

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**APPENDIX "C"**

**VICTORIAN ORDER OF NURSES FOR CANADA  
ESTIMATED DISTRIBUTION UNDER THE AMENDED PLAN  
\$(000's)**

	<i>Notes</i>	<i>High</i>	<i>Low</i>
<b>Scenario 1 - Assumes that no Creditors with Claims over \$5,000 elect to reduce their Claim to \$5,000</b>			
Cash	1	1,870	1,670
Cash Collateral for CCAA Charges	2	854	854
Subtotal		<u>2,724</u>	<u>2,524</u>
Less: Employee Priority Claims	3	42	42
Reserve for Charges	4	50	50
Working Capital Reserve	4	250	250
Net Amount Available		<u>2,382</u>	<u>2,182</u>
Less: Employee Priority Claims (Pre-Filing Date)	5	65	75
Employee Priority Claims (Post-Filing Date)	6	139	162
Convenience Class	7	97	97
<b>Estimated Distribution Pool</b>		<u><b>2,081</b></u>	<u><b>1,848</b></u>
Total Creditors with Unsecured Proven Claims	8	23,013	23,013
Less: Priority claims (per above)		42	42
Less: Convenience Class Claims		97	97
<b>Total Affected Creditors</b>		<u><b>22,874</b></u>	<u><b>22,874</b></u>
<b>Estimated distribution to Affected Creditors</b>	9	<b>9.10%</b>	<b>8.08%</b>

<b>Scenario 2 - Assumes that all Creditors with Claims between \$5,000 and \$58,000 elect to reduce their Claim to \$5,000 (Note 10)</b>			
Net Amount Available		2,382	2,182
Less: Employee Priority Claims (Pre-Filing Date)		65	75
Employee Priority Claims (Post-Filing Date)		139	162
Convenience Class Claims		312	312
<b>Estimated Distribution Pool</b>		<u><b>1,866</b></u>	<u><b>1,633</b></u>
Total creditors with unsecured proven claims		23,013	23,013
Less: Priority claims (per above)		42	42
Less: Claims of Convenience Class Creditors	11	1,058	1,058
<b>Total Affected Creditors</b>		<u><b>21,913</b></u>	<u><b>21,913</b></u>
<b>Estimated distribution to Affected Creditors</b>		<b>8.52%</b>	<b>7.45%</b>

This schedule has been prepared by the Monitor based on information provided to the Monitor by VON Canada. The Monitor has reviewed the supporting documentation provided by VON Canada for reasonableness; however the Monitor has not audited or otherwise attempted to verify this information for accuracy or completeness.

The Monitor notes that the projected amount for the Distribution Pool is an estimate and that the actual amount of the Distribution Pool and the actual distributions to Affected Creditors may be different from that as set out in this schedule.

## Notes

1. VON Canada's cash flow projections updated for actual results to September 24, 2016 estimate a projected cash balance at December 3, 2016 of approximately \$1.87 million. This amount is exclusive of the cash held as collateral for the CCAA charges, and funds which VON Canada has advised are held in trust and are not legally and beneficially owned by VON Canada. The Low amount reflects a contingency provision of \$200,000 that has been deducted from the \$1.87 million.
2. This amount represents the total of funds held in a short term investment as cash collateral for CCAA charges and includes principal plus interest to October 4, 2016. The Plan provides for \$50,000 of this cash collateral to be held as a reserve for the CCAA charges (see Note 4).
3. The quantum of Priority Claims of former employees was identified in the VON Canada claims process.
4. These amounts are provided for in the Amended Plan.
5. S.6.1(5)(a)(i) of the CCAA requires the payment of the S.136 priority claims of current employees as of the Filing Date. VON Canada has provided a schedule showing this liability at \$65,000, The Low amount reflects a provision of \$10,000 for possible additional claims.
6. Under S.6.1(5)(a)(ii) of the CCAA, post-filing amounts owed to current employees re "wages, salaries, commissions or compensation for services" are to be paid out under a CCAA Plan. VON Canada advises that wages are current and that this amount represents vacation pay and other compensation (e.g. time that is "banked" in lieu of payment). According to VON Canada, the balance owed as of October 13, 2016 was \$162,000 and represents the Low amount on the schedule. The High estimate assumes that for certain employees, a portion of this liability would be included as an Employee Priority Claim.
7. The total of Unsecured Proven Claims less than or equal to \$5,000 is \$97,000 as identified in the Claims Process. This amount does not include consideration for creditors who may elect to value their claim at \$5,000 for distribution purposes.
8. Based on the results of the claims procedure process, total pre-filing claims (which includes Priority Claims) and Restructuring Claims are \$23,012,783.
9. This amount is a general estimate. The amount payable to each creditor will depend on a number of factors including VON Canada's cash balance at December 3, 2016 and the number of Affected Creditors which file an election to reduce their claim to \$5,000.
10. For purposes of illustration, this portion of the Schedule sets out the estimated distribution to Affected Creditors on the assumption that all creditors with claims between \$5,000 and \$58,000 elect to reduce their Claim to \$5,000 for distribution purposes. The claim amount of \$58,000 reflects the claim amount at which a Creditor would attain a return of 8.6%, which represents the mid-point of the return to creditors if no Creditors elected to reduce their claim to \$5,000 for distribution purposes.
11. This amount represents the (i) claims of creditors having claims below \$5,000 and (ii) the total of the Unsecured Proven Claims of Creditors which are assumed to file an election to reduce their claims to \$5,000.

## APPENDIX D

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**APPENDIX "D"**

**VICTORIAN ORDER OF NURSES FOR CANADA  
ESTIMATED DISTRIBUTION IN A BANKRUPTCY  
November 30, 2016 Liquidation Date  
\$(000's)**

	Book Value 31-Jul-16	Projected Book Value 30-Nov-16	High	Low	Notes
Cash	1,983	1,646	1,870	1,670	1
Bequest & Donation Cash In Trust	654	354	0	0	2
Trade & Other receivables (net)	30	30	0	0	3
HST Refund	215	100	67	0	4
Prepaid expenses	165	165	40	0	5
Receivable from related parties	638	441	75	0	6, 7
Endowment and Bequest Investments	590	590	0	0	8
Cash Collateral for CCAA Charges	851	851	715	692	9
Capital Assets (net)	3,377	3,400	50	25	10
	<u>8,503</u>	<u>7,577</u>			
Subtotal			2,817	2,387	
Less: Administration costs			400	525	11
Employee Priority Claims			354	354	12
Deemed trust claim			85	100	13
Pension priority claim			115	125	14
Rent			37	37	15
Net Amount Available			1,826	1,246	
Less: Levy payable on dividend to Creditors			60	53	16
<b>Amount available for unsecured Creditors</b>			<u><b>1,765</b></u>	<u><b>1,193</b></u>	
Creditors with unsecured proven claims identified in VON claims process			22,971	22,971	17
Add. Unsecured claims			10,626	11,227	18
Total General Creditors			<u>33,597</u>	<u>34,198</u>	
<b>Estimated distribution to unsecured Creditors</b>			<b>5.25%</b>	<b>3.49%</b>	

General: This schedule has been prepared on the assumption that (i) the Creditors or the Court do not approve the Amended Plan of Compromise or Arrangement filed by VON Canada in the VON Canada CCAA Proceedings and (ii) a bankruptcy of VON Canada occurs on December 3, 2016.

This schedule has been prepared by the Monitor based on information provided to the Monitor by VON Canada. The Monitor has reviewed the supporting documentation provided by VON Canada for reasonableness; however the Monitor has not audited or otherwise attempted to verify this information for accuracy or completeness. As discussed in Note 2 to this schedule, the Monitor has not reviewed the trust agreements that relate to the individual bequests and donations.

The Monitor notes that the projected amount available for unsecured Creditors and the actual distributions to unsecured Creditors may be different from that as set out in this schedule.

## Notes

1. VON Canada's cash flow projections updated for actual results to September 24, 2016 estimate a projected cash balance at December 3, 2016 of approximately \$1.87 million and is assumed for purposes of this schedule to be the balance as at November 30, 2016. This amount is exclusive of the cash held as collateral for the CCAA charges, and funds which VON Canada has advised are held in trust and are not legally and beneficially owned by VON Canada. The Low amount reflects a contingency provision of \$200,000 that has been deducted from the \$1.87 million.
2. VON Canada has advised that these funds are held pursuant to trust agreements and are held in separate bank accounts. The Monitor has not reviewed the trust agreements that relate to the individual bequests and donations, but has been provided by VON Canada with copies of bank statements reflecting that these funds are in separate bank accounts. For purposes of this schedule, no realizations from these accounts are projected to be received in a bankruptcy of VON Canada.
3. Trade and other receivables represent VON Canada's projected balance as at December 3, 2016 of \$80k net of an allowance for doubtful accounts of \$50,000 for a net book value of \$30,000. The gross amount of the receivables are comprised mainly of (i) \$60,000 billed to the VON Canada Pension Plan for the cost of VON Canada employees working on pension matters; and (ii) \$17,000 billed to the community corporations. For purposes of this schedule, the receivables are assumed to be uncollectible due to set-off claims that may be made against VON Canada arising from its bankruptcy.
4. A HST refund of \$400,000 for the 6 month period ending September 30, 2016 is forecast to be collected in November 2016 and is included in the projected cash on hand as at November 30, 2016. The refund received for the 6 month period ending March 31, 2016 was \$405,000. The High realization of \$50,000 represents the estimated refund for the two month period October 1 to November 30, 2016 and represents 50% of the estimated HST refund claim for that period. As Canada Revenue Agency may not pay the refund in a bankruptcy, for purposes of this schedule, the HST refund is projected to be \$Nil in the Low scenario.
5. The prepaid expenses consist of:
  - a) \$54,000 for services that will be incurred by November 30, 2016 or December 31, 2016;
  - b) payment of \$64,000 to Accreditation Canada, of which VON Canada has advised only \$40,000 is refundable;
  - c) retainers totaling \$34,000 paid to the Monitor, Chief Restructuring Officer and VON Canada's legal counsel; and
  - d) the last month's rent deposit of \$13,000.

For purposes of this schedule, the Monitor estimates that between \$Nil and \$40,000 would be recovered in a bankruptcy.

6. Receivables due from related parties are comprised of receivables of \$141,000 and \$300,000 due from Victorian Order Of Nurses For Canada- Ontario Branch ("VON Ontario") and Victorian Order Of Nurses For Canada Nova Scotia Branch ("VON Nova Scotia"), respectively.

Based on claims which VON Ontario and VON Nova Scotia may have against VON Canada in the event of a bankruptcy of VON Canada, for purposes of this schedule, the Monitor estimates that there would be no realizations from these entities in a bankruptcy.

7. Intercompany receivables due from Victorian Order Of Nurses For Canada- Eastern Region ("VON East") of \$1.6 million and from Victorian Order Of Nurses For Canada - Western Region ("VON West") of \$4.5 million were written off as uncollectible at the March 31, 2016 year end. VON East and VON West have filed their own separate Plans of Compromise or Arrangement pursuant to the CCAA. Although these balances were written off, these amounts are still owing to VON Canada from VON East and VON West. For purposes of this schedule, the realizations to VON Canada in a bankruptcy from VON East and VON West are estimated to be between \$Nil and \$75,000.
8. The investments are held in separate investment accounts. For the reasons set out in Note 2 above, for purposes of this schedule, no realizations from these accounts are projected to be received in a bankruptcy of VON Canada.

9. The total actual amount of funds held in GICs by VON Canada as cash collateral for CCAA charges is \$854,000 as of October 4, 2016. For purposes of this schedule, amounts of \$139,000 and \$162,000 have been deducted from the \$854,000 to reflect the potential claims that may be made against the CCAA charges.
10. According to VON Canada's non-consolidated financial statements for the year ended March 31, 2016, the book value of capital assets was approximately \$3.65 million consisting of:

	\$(000's)
Furniture, equipment and Fixtures	22
Computer hardware and software	3,420
Leasehold improvements	<u>207</u>
	<u>3,649</u>

Based on information provided to the Monitor by VON Canada, approximately 84% of the book value of the computer hardware and software is in respect of computer software, and the computer hardware includes a server and approximately 156 notebooks and laptops purchased in 2015/2016 prior to March 31, 2016. VON Canada has advised that the notebooks and laptops are in the possession of staff who are in different locations. In a bankruptcy, the server(s) may have to be retained by a trustee for the purpose of storing the electronic books and records of VON Canada and it may be difficult or costly for the trustee to take possession of the notebooks and laptops. For purposes of this report, the Monitor has not sought an appraisal of the capital assets, and has estimated that the realizable value of the capital assets is between \$25,000 and \$50,000.

11. Administration costs are assumed to include the fees and disbursements of the Trustee in Bankruptcy ("Trustee") and its counsel, amounts to be paid to consultants including former employees of VON Canada to assist the Trustee in the administration of the bankruptcy, operating costs to be incurred by the Trustee (other than premises rent), costs of retrieval and storage of VON Canada's books and records, legal fees of the Board of Directors which is covered by the CCAA charges, etc.
12. Priority claims pursuant to S.136(1)(d) of the Bankruptcy and Insolvency Act ("BIA") of former employees were identified at \$42k in the VON Canada claims process. The priority claims of current employees are estimated at \$2,000 x 156 employees for the High and Low estimates.
13. This amount represents employee payroll deductions for one payroll.
14. This represents the estimate for one month's contribution to the VON Canada Pension Plan.
15. This amount represents three months' rent as it is likely that the VON Canada premises under lease would not be disclaimed before three months from the date of bankruptcy.
16. Pursuant to the provisions of the Bankruptcy and Insolvency Act, a levy is payable to the Office of the Superintendent of Bankruptcy on the amounts that are distributed by the Trustee to creditors. The levy is calculated at 5% on the first \$1,000,000 of funds to be distributed; 1.25% on the second \$1,000,000; and 0.25% on any distribution above \$2,000,000.
17. Creditors with unsecured proven claims which were identified in the VON claims process, excluding Priority Claims (employee claims pursuant to S.136(1)(d) of the Bankruptcy & Insolvency Act), as follows:

	\$(000)'s
Total unsecured proven claims	23,013
Less: Priority claims	<u>(42)</u>
Other unsecured proven claims	<u>22,971</u>

18. In the event of a bankruptcy of VON Canada, in addition to the claims identified as part of the VON Canada claims process in the CCAA proceedings, additional claims may arise including (i) VON Canada's proportionate share of the solvency deficiency of the VON Canada Pension Plan, (ii) amounts owing to employees on account of termination and severance pay, (iii) amounts triggered by the termination of contracts, (iv) creditor claims arising after the filing of the CCAA, etc. Based on information initially provided by VON Canada, the additional claims are estimated to be between \$10,626,000 and \$11,227,000, as follows:

	<i>High \$(000's)</i>	<i>Low \$(000's)</i>
VON Canada's proportionate share of the solvency deficit in the VON Canada Pension Plan	1,200	1,200
Current employees for termination and severance pay	5,852	5,852
Contract termination costs	2,890	3,354
Post-filing trade creditors	684	821
Total	10,626	11,227